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West Europe Report

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13 March 1986

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POLITICAL

EUROPEAN AFFAIRS

DRAMATIC YEAR AHEAD ANTICIPATED FOR NORDIC GOVERNMENTS

Stockholm DAGENS NYHETER in Swedish 9 Feb 86 p 12

[Article by Bo A. Ericsson: "Nordic Countries Expect Dramatic Year"; first two paragraphs are DAGENS NYHETER introduction]

[Text] Left makes a comeback in Sweden, open split in Denmark over EC, oil crisis in Norway and bingo for wage earners in Finland. The new year has begun dramatically for the Nordic countries.

Suddenly strong squalls are blowing in the Nordic countries--both in politics and in the economic field. In just a few months the front lines have changed, prognoses have become obsolete, and new questions have begun to dominate.

Here, briefly, are the main points of what has happened:

- o In Denmark a political crisis and split has arisen around the relationship with EC, the Common Market. On 27 February a plebiscite will be held, and a heated campaign is going on.

- o In Norway the dramatic fall of oil prices has caused "an entirely new situation." After years of steadily increasing national income from oil, dramatic declines are now threatening. Norway can become a deficit economy without more ado if the low prices hold.

- o In Finland inflation has begun to decline so strongly that an apparently unique situation has arisen for the wage earners. They are going to get a real wage increase this year, even though the impending central wage negotiations may not give them a single penni.

- o At the same time in Sweden the social democratic government is exposed to criticism and mutterings of dissatisfaction. Not from the Right, which has behaved as usual, but from the Left, from deep in their own ranks, in a changed political atmosphere.

Denmark

First Denmark:

At the end of last year the EC approved a proposal for a reform package which would mean, among other things, increased power for the European Parliament. But this was not accepted by the Danish Folketing. The Social Democratic opposition and the nonsocialist government's support party on economic questions, the Radical Liberal Party, comprised a majority for the refusal.

In that situation the government proclaimed a plebiscite for 27 February.

On the affirmative side is mainly the government and business, which is now mobilizing all of its forces. The government tends to present the plebiscite as a yes or no to EC membership, not just to the reform package. Weakened ties to the EC, they say, would have very serious effects on the Danish economy.

Within social democracy--which has internal problems today--it is mainly the groups on the left which argue for a negative vote on the EC. In other parts of the party there are signs of a certain indecision, and within the trade union movement there is a split on the EC question.

In Denmark there has always been an anti-EC group which, at least partly, crosses over party lines and the social order. Many believe that these groups have now grown stronger, but at the same time opinion polls indicate that the plebiscite will result in an affirmative.

Norway

In Norway it is oil which has made Norway one of the world's richest countries today. Year after year the nation's oil income has grown. Today oil is 30 percent of the country's exports and 20 percent of its GNP.

In 1985 oil brought the Norwegian treasury 47 billion kroner. Last year was a good year for the economy and the wage earners.

But now drastic changes are threatened because of the fall of oil prices, and uncertainty reigns. If the price of oil continues to fall and stops at about \$15 per barrel (today North Sea oil is already down to \$16 dollars per barrel) and the dollar declines to 7 kroner (somewhat above today) Norwegian oil income next year will fall to only 10 billion kroner.

Even though Norway today has a large currency reserve, that would mean a heavy strain on the economy.

Against this background the Norwegian Government has sounded the alarm: there must be a halt to real wage increases, the negotiating demands must be revised, a fifth vacation week postponed, and a reduction in the pension age from 67 to 65 also. Tightening up and economizing are the signals now being put out by the government.

Within the trade union movement they claim that the government is exaggerating the threat, and that the wage ceiling of 4.5 percent which the government has mentioned is rejected as "an impossibility."

It did not matter that within the union movement there was concern over developments which caused Norwegian industry to have competitive problems, and was not able to expand noticeably in recent years.

Finland

From Norway to Finland:

All during the 80's Finland has had a higher average economic growth than any other Nordic country. Real wages have grown almost every year. The two latest years purchasing power has grown by 6 percent because of the income-policy agreement which the parties and the government concluded in 1984. Gradually the difference in living standards as compared with Sweden has been reduced.

The Finnish wage earners will also get real wage increases this year. The remarkable thing is that they are going to get this even though the central wage negotiations, which are about to begin, will not give a penni increase.

The reason is mainly that inflation in Finland has now been slowed more drastically than anyone expected because of falling oil prices and the falling dollar.

According to the finance ministry inflation will gradually be stopped during the year so that in December it will be just under one percent (barely two percent for the entire year--in Sweden the government has estimated about 5 percent.)

Combined with a lower so-called overhang and local wage glide of about 1.5 - 2 percent, the reduced inflation results in real wages increasing by 2.5 percent even without any new central wage increase, according to the finance ministry.

Increase

The effect of the inflation adjustment on the tax scales results in a real increase in purchasing power of 3.5 percent this year.

These new estimates are dividing the unions; they themselves have participated in determining the factual bases.

Nobody expected that the Finnish LO [Trade Union Confederation] in this situation would refrain from asking for a wage increase. And this has not happened. But the demand which came a few days ago is moderate; it will only cost the employers three percent. A large part of this is the low wage investment. At the same time the LO leadership has implied that there is room for bargaining.

Oil Price

Almost regardless of what happens, therefore, the Finnish wage earners will get a real wage increase. A certain contrast with Sweden is perceptible.

But the successful Finnish model also has uncertain factors and darker sides.

One of them is the effect of falling oil prices on the important Soviet trade. Because Finland sells manufactured goods for Russian oil, the value of Finnish exports to the East declines if the price of oil falls.

That means that Finland must either look for new Soviet goods to import in order to hold its own eastern exports up, or it must also create new market shares in West Europe.

In that case industrial costs will tend to rise and competitive ability to fall. At the same time Finnish industry still has structural problems.

Another drawback is that the increasing purchasing power puts pressure on the balance of payments. If that is worsened it causes unemployment, which is already more than double what it is in Sweden, to increase further.

Sweden

And now to Sweden:

Here also there are positive effects from falling oil prices and the falling dollar. The year 1986 is expected to be a better year for the economy than was predicted several months ago.

But in Sweden it is primarily the political scene which is causing the squalls. In a short time the political climate and political situation has begun to change. There are other questions and demands than there were before.

And the government is subjected to the hardest criticism from the Left, from their own ranks, rather than from the nonsocialists.

New Deal

Totally regardless of how deep or how basic is the so-called revolt in the social democratic ranks, almost all debate is centered today around the situation of the poor, real wages, deepening differences, families with children--and increased stock dividends, coupon clippings and million deals as the background.

Within social democracy today there is a leading debater who hopefully claims that a "new deal" is coming.

After many years of domination by the new liberal, new conservative arguments, the Social Democratic Left is beginning to win new ground and to formulate the questions on the political agenda.

In this process, it is claimed, the LO leadership has been more sensitive than the party leadership, and strong in the offensive for its ideological role; at the same time LO chairman Stig Malm is frantically fighting to hold the

rank and file together for the wage negotiations.

So this is how the squalls are sweeping through the Nordic countries. When the Nordic Council meets in Copenhagen next month for its annual meeting it will face a situation in which there have been changes since their last session. At the same time nobody knows how lasting the changes will be.

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POLITICAL

AUSTRIA

JANKOWITSCH ON RELATIONS WITH EC, WEST EUROPE

Vienna ARBEITER-ZEITUNG in German 3 Jan 86 p 8

[Article by Peter Jankowitsch, SPOe international secretary: "Austria and Europe"]

[Text] A debate concerning Austria's future relationship to Europe has recently been joined by the most diverse spokesmen, ranging from OTECHSTVEN FRONT, the organ of the Bulgarian Popular Front, to OeVP right winger Andreas Khol. Today, it is Peter Jankowitsch's turn. Jankowitsch is a deputy to parliament and international secretary of the SPOe.

Over the past several years Austrian foreign policy has succeeded time and again in finding appropriate answers to the question of how Austria might adapt to the ongoing process of European integration. This applies in particular to the first real "bridging of the gap" between Austria and the European Community which was undertaken by the Kreisky government in 1972 in close consultation with the other European neutrals and which created a large European free trade area affecting more than 300 million people. Since that time relations between Austria and the communities in Brussels has been developing rapidly and dynamically without any adverse effect on our economic as well as political relations with other European nations.

A pragmatic approach has stood the test which permitted Austria--by carrying on a continued dialogue with the communities as well as individual EC members--to gain more and more access to European integration and to counteract many of the disadvantages of non-membership, even in the field of agriculture but also in other areas where the free trade agreements do not apply.

While others have been talking a great deal about Europe during these past years, it was the socialist-led governments since 1970 in particular which brought Austria closer to the communities than the conservative apostles of the European idea would ever have thought possible.

But socialist statesmen like Bruno Kreisky also recognized early on that the process of integration would proceed along various lines and that it would also have to be looked at in the context of other international relations and, by no means least, in the context of the detente process in Europe.

This is why Austrian foreign policy has always not only taken the internal evolution of the institutions of the communities into account but also their reciprocal relationships with other economic areas in Europe.

Today, here are new developments within the European Communities once again (e.g. the entry of Spain and Portugal--one of the founding members of EFTA--and the thus far unsuccessful efforts to move integration beyond agricultural policy and foreign trade into the area of environmental, technological and currency policy or even into culture and science) which have raised new questions of how those European democracies which do not belong to the EC should react to this evolutionary process.

One important starting point without a doubt is the fact that the new 12-member European community can no longer be viewed as a mythical reincarnation of Charlemagne's empire which the conservative builders of Europe conjured up so vociferously in the late fifties. Socialist Europeans ranging from Willy Brandt to Francois Mitterand have injected a dose of Anglo-Saxon and Scandinavian pragmatism into this idea and have put their particular stamp on the EC by now and the kind of Occidental rhetoric employed by CSU deputy Otto Habsburg in the European Parliament should not lead anyone to believe otherwise. The European Communities have opened up to the world more (including the Third World) and they have become more socially aware and more modern.

This is why Austria can look for additional bridges to the EC--particularly in those areas where maximum European cooperation is imperative. e.g. in the environment, in transportation and technology or where it has already become a reality as in the case of exchange rates.

Less so than in the case of the smaller EC of the sixties there is no danger of Austrian loss of identity in any move to draw closer to the communities because one may expect a more differentiated community to be more tolerant of constraints placed on Austria, e.g. because of its permanent neutrality--as is the case with Sweden or Switzerland.

Any such move toward closer ties and harmonization should proceed along the same pragmatic lines as before, taking into account of Austria's autonomy and identity. Thus there is no need to link these ties to such easily misinterpreted and politically freighted concepts like [EC] membership or association.

But at the same time Austria must continue to be on the lookout for other formulas and patterns, for models and testing grounds for integration--because such roads, too, lead to Europe. Evidence of how fruitful such a search can be is provided by the recent decision to join ESA, the European space agency to which other neutral nations have belonged for some time. A similar case in point is the move toward European cooperation within the context of the Eureka program.

Finally, Austrian foreign policy will have to adhere to the maxim that closer ties to the Western part of Europe must not come at the expense of creating new rifts vis-a-vis the Eastern Part of the continent.

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PCLITICAL

BELGIUM

SOCIALISTS' TACTICS IN WALLOON REGIONAL GOVERNMENT

Brussels LE SOIR in French 22 Jan 86 p 2

[Article by Jacques van Solinge: "'Legal and Implacable Opposition,' the Motto of the PS in the Walloon Region"]

[Text] On your right: the Liberal Reform Party [PRL] and the Social Christian Party [PSC] which, with 46 percent of the votes, have decided to govern the Walloon Region and which are getting ready to sign a pact, which should lead them to intimately tie their destinies together for 8 years. On your left: the Socialist Party [PS] which vigorously challenges the circumstances under which the French speakers of the national majority have "laid hands" on the Walloon Executive. Elsewhere: the Ecology Party which, the social Christians say, might be tempted to join the Walloon "government" of Melchior Wathelet if responsibilities in matters of the environment could be entrusted to them.

Since the legislative elections of 13 October, the Walloon Regional Council has only held three meetings. And two of them were peppered with various incidents. Hence, nobody believes that it will be possible to govern a region like Wallonia for a long time with a majority of 46 against 54 in votes and of 52 against 51 (following the eviction of the People's Party [VU] senator from Nivelles) in seats. But there you are! Nobody, either on the right or on the left, seems determined to make a gesture by which he might run the risk of remotely losing face in the eyes of public opinion or of his adversaries.

It was in such a context, and especially following last Wednesday's incidents, that the results of the meeting of the Socialist Party Committee were awaited. On Monday morning, the PS leaders parted after having unanimously approved a communique drawn up personally by the party president.

From Spitaels' Creed...

Guy Spitaels wanted his text to be neither too soft nor too aggressive. Three points in the communique deserve to be singled out:

- "We will continue to be present at the Walloon Assembly, which must continue to meet regularly;
- "We do not recognize the legality of the president and of the Executive, both elected without a majority. We will fight until the end and at the same time we reserve for ourselves the right to initiate appeals of decisions made by the Executive to the Council of State as well as to the courts and tribunals";

- "To keep legal insecurity from coloring all the actions of the Executive, the PS will remain at the disposal of the other Walloon parties if they want to formulate proposals aimed at ending the divisions created among Walloons."

Guy Spitaels specified that the last paragraph does not at all mean that the socialists are "ready to roll in the dirt to obtain any small thing."

Hence, the elected officials of the PS will be present at the next meeting of the Walloon Regional Council. Will they once again cause a physical obstruction as they did last Wednesday? No, Yvan Ylieff, the head of the socialist group from Namur told us. We want to demonstrate that it was impossible for us to act as if nothing had happened after the installation session. Henceforth, our protests will take place within the framework of the normal functioning of the institutions, but they will be implacable.

... To Ylieff's Tactics

In short, the socialists have obviously not digested the quorum problem. "There is neither a precedent nor a simple example of an assembly in which the quorum was changed when a member was unable to be present. Thus the quorum in the Senate is calculated in such a way as to take into account the fact that Prince Albert is a member by right of the assembly, even though the king's brother only rarely attends the sessions. Thus the quorum in the Senate was not changed when the seat held by Mrs Simonne Jortay in the previous legislature remained unfilled for several months following the accidental death of its holder. For all deliberative assemblies, the number of members is set by law and the quorum is calculated in function of that number, even if some members are absent."

Thus, it is understandable that Yvan Ylieff and his friends in the PS refuse to support what Guy Spitaels has called the "coup of the 52," by analogy undoubtedly with the coup of 2 December 1852 which allowed Louis Bonaparte to have himself crowned emperor under the name of Napoleon III.

The Socialist Party has sent the ball back into the court of the Christian-liberal alliance. It awaits concrete proposals and reserves for itself the right to judge on actual evidence. It is up to Louis Michel and Gerard Deprez to take initiatives.

But, still according to Yvan Ylieff, the worm has already gotten into the fruit of the so-called majority. If only with regard to the choice of Namur as capital of the Walloon Region and as seat of its institutions.

In short, the arm wrestling is not over yet.

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POLITICAL

FEDERAL REPUBLIC OF GERMANY

GERMANS SEE SMALLER THREAT FROM USSR BUT SUPPORT U.S. PRESENCE

Bonn DIE WELT in German 4 Feb 86 p 1

Article by Horst Stein: "Germans Feel Less Threatened"/ Emnid Poll: Over Half Believe that Moscow is Serious About Detente

Text Today, the citizens of the FRG consider the Soviet Union less dangerous than just a year ago. Over half of them believe that Moscow is serious about detente. Nonetheless, 87 percent advocate that the FRG remain in NATO, and a great majority (78 percent) are of the opinion that the presence of U.S. troops on German soil makes peace safer for us, also. This emerged from an Emnid poll of autumn 1985, so far unpublished, of which DIE WELT has learned.

The most striking trend in the opinions held by citizens is the noticeable weakening of the sense of threat. In the fall of 1985, the question "In your opinion, is the communist threat very great, great, not so great, or not to be taken seriously?", was answered by only 37 percent with "very great" or "great". That is 10 percent less than in autumn of the previous year. Sixty-one percent believe that the extent of the communist threat is "not so great" or "not to be taken seriously"--a greater percentage than ever before since the year 1962. Among the group of 16 to 24-year olds, particularly relevant for the Bundeswehr, this ratio is even 32 percent to 66 percent. Emnid: "Only in 1972, the year of greatest hope for detente, did even fewer people feel less threatened than in 1985."

The assessment of the communist threat depends less on a numerical comparison of strength than on spectacular events. The pollsters note that Soviet intervention in Afghanistan and the strong-arm measures applied in Poland "evidently have disappeared from public consciousness and have been washed away by the flood of pictures which show politicians from East and West in negotiations."

It is just as noteworthy that since 1982, the percentage of those who consider NATO militarily superior is rising. Corresponding to the weakening of the sense of threat, 9 percent less than in 1984 consider the Warsaw Pact militarily superior. A majority of 54 percent sees the relative strength as balanced.

However, 68 percent believe that without the presence of U.S. troops we would be overrun in case of a surprise attack from the East. The deployment of U.S. Pershing II missiles in West Europe has largely lost its effect as an emotional subject mobilizing the masses. According to the Emnid poll, the beginning discussion of SDI will not produce a similar effect. Forty-nine versus 22 percent believe that the security of the FRG has also been strengthened through catch-up armament.

9917

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POLITICAL

FEDERAL REPUBLIC OF GERMANY

FINANCIAL SQUEEZE ALTERS SOCIAL MIX AT GERMAN UNIVERSITIES

Frankfurt FRANKFURTER RUNDSCHAU in German 12 Dec 85 p 11

[Article by Rainer Blanke: "For Most People Money Has Become Tighter--The Social Situation of Students as Seen From Bonn"]

[Text] Suddenly and unexpectedly there was again talk in Bonn about student aid [BAFoeg--Federal Law for the Advancement of Education]. The cause was the German Student Administration. Its president, Hans-Ernst Folz, recently presented the results of the 11th social investigation of the German Student Administration in Bonn which dealt with the economic situation of students in the FRG.

In summary, he found that "we have become further removed from equal opportunity in the education system." The social situation of students has reportedly once more worsened and the supplemental burdening of parents has again increased. It was said that only every third student could study while being assured of an economic base. Real income for students has declined. If there were any increases in income at all then they were particularly noticeable with respect to children of economically strong self-employed persons.

According to Professor Folz, the social investigation clearly indicates that the financing of studies by parents and through personal earnings has increased. On the other hand, the quota of state-supported students has declined--by 10 percent in the last 3 years.

There has been repeated conflict between the German Student Administration and the Federal Ministry of Education over this so-called quota of supportees. Thus far, the Student Administration has always identified the quota of supportees among all matriculated students. The Federal Ministry of Education, on the other hand, stressed that the number of those who are basically not eligible for support payments or are no longer eligible for such payments, has increased to a greater extent and were, consequently, distorting the picture. It insisted that only the basically eligible students for support payments should be included in the figure.

Consequently, in the latest social investigation, the Student Administration listed, for the first time, two supportee quotas, one in accordance with the old system and one to go along with the desires of the Federal Ministry of Education. According to the old quota, the number of students receiving

support payments at scientific advanced schools declined from 33.7 percent in 1982 to 24 percent in 1985; at special specialized advanced schools the decline for the same period was from 53.5 to 38.4 percent. In total, this means a decline from 37.1 percent to 27 percent.

Anton Pfeifer, the state secretary in the Federal Ministry of Education, who was present at the time the social study was presented, stated in his speech that it was "pleasant" that the Student Administration had followed the thinking of the Federal Ministry of Education in identifying the quota of supportees. This declaration was somewhat premature because, according to these calculations, the quota of those receiving support payments has declined even more drastically: At scientific advanced schools it declined to 30.8 percent (1982, 44 percent), at specialized advanced schools it declined to 48.7 percent (63.2 percent in 1982), at advanced schools in general it declined to 35.4 percent (from 48.2 percent in 1982). And this quota took into account only those students who had matriculated--those undertaking their initial studies, those who have not changed career tracks, and had not yet reached the age of 30; furthermore, at scientific advanced schools, only students through the eighth advanced school semester were counted; at the specialized advanced schools, only students up to the seventh advanced school semester were counted. Or, in words of the Student Administration: "All students about whom there was only a bare suspicion that they might not be eligible anymore were excluded from the basic total."

No matter how one counts: A decline in the number of students receiving support payments cannot be denied. In the view of the Federal Ministry of Education, the reasons for this lie in the past. In its sixth Bafoeg report, the Ministry refers to "changes in support parameters brought about by the seventh Bafoeg amendment law and the second budget structure law dated 1981." The decline is said to have been observable since 1980. "The improvement in support payment parameters brought about by the eighth Bafoeg amendment law was unable to as yet have any effect during the winter semester of 1984/1985." And the report, which was discussed by the cabinet on Wednesday, summarized the situation as could be expected: "The claim that the decline of those receiving support payments was based decisively on the complete restructuring of student support to the making of loans...cannot be sustained."

Incidentally, in a virtually concealed manner and not even presented in tabular form, the Bafoeg report mentions the development of student support from federal funds. "In 1982, 455,000 students were supported, during the first half of 1983 (through 31 July) 423,000 received support payments, and during the second half of 1983 (as of 1 August) 123,000; in 1984, 100,000 students were supported." However, the Federal Government does not see the development of student support by the various states as being concluded. It would welcome it if the states would provide support through more funds and act in a unified manner.

But back to the supportee quota at the advanced schools. If one takes into account the professional position of the parents, then it is noteworthy that all groups have seen a decline in supportee quotas, although to varying extents. In terms of percentage, the decline was greatest with respect to

children of so-called "better-positioned parents" (who provide more than one-half of the support), and the decline was least with respect to children of unskilled or semiskilled workers (providing less than 15 percent of the support).

In absolute numbers, this means: in the period of 1982 through 1985, scientific advanced schools suffered a decline in the supportee quota among children of workers to 49 percent (1982: 61 percent), children of white-collar workers to 19 percent (29 percent), state employees to 15 percent (25 percent), and self-employed persons to 23 percent (30 percent). Similar developments were noted at specialized advanced schools: with respect to children of workers, the quotas declined to 60 percent (74 percent), with children of white-collar workers the decline was to 30 percent (45 percent), with children of state employees the decline was to 30 percent (44 percent), and for children of self-employed persons the decline was to 31 percent (from 46 percent).

In summary, the statisticians find that: "The decline in student support payments in comparison with 1982 for children of workers was not insignificant, but was only half as great as that for other professional groups." Incidentally, the relative share of worker children receiving support, when compared to all students receiving support, increased slightly over 1982: at scientific advanced schools from 29 percent to 32 percent, at specialized advanced schools from 39 percent to 42 percent.

State Secretary Pfeifer expressly welcomed this development. He said that the slight rise in the share of children of workers was commensurate with the policies of the Federal Government.

However, one should keep in mind that student support payments primarily for this target group had been approved for the first time. In view of an overall decline in the support quota it seems almost cynical to speak of improved assistance.

However, some 3 days later, State Secretary Pfeifer used considerably harsher tones in speaking of the Student Administration. After all, the Student Administration, at its membership meeting, had criticized the Federal Government for not having taken into account the negative foreign experiences in switching over to making student loans. This changeover was said to be one of the essential causes why more and more children of low-income families were foregoing advanced school studies. And not only that: The Student Administration demanded an increase in the size of payments and free payments. Anton Pfeifer said on this score: "The Federal Government does not have the intention to follow the exaggerated demands of the German Student Administration for Bafög increases." He said that these demands were a sign of estrangement from reality. The Student Administration was said to be in danger of positioning itself offside with its demands and analyses. The Student Administration should "finally give some thought to the impression caused by its demands among the 65 percent of the students and parents who do not receive any support payments." Such "unrealistic" demands, he said, would not contribute to the acceptance of the law outside of the advanced schools.

In the opinion of the state secretary, the following demands with respect to student support payments would have been more realistic: The size of Bafög payments would be increased by an average of 3 percent in fall of 1986; the size of free payments would be increased by roughly 2 percent in fall of 1986 and 1987; study in extra-European foreign countries would, in future, receive the same volume of support as studies in Europe; support for foreign practical training courses would be expanded.

These are precisely the focal points of the 10th Bafög amendment law, the draft of which was agreed upon by the Federal Cabinet on Wednesday. But can one really expect this of the German Student Administration? Can one perhaps expect phrases like this: "The proposed increases are necessary to cover need. They are adequate because the rise in the cost of living is small. The consolidation of state finances and the essentially real value of support to education continue to be taken care of." These phrases can be found in the justification by the Federal Government of the draft law.

It thus remains to be feared that the next social investigation might draw a far dimmer picture yet. In the summer of 1985, another investigation determined that the number of beginning students has significantly declined--a development which was emphatically welcomed by the Federal Government. Unfortunately, it was precisely those groups which most needed education who stayed away from the advanced school system: high school graduates from families with low incomes, young women and children from nonacademic families are ever more frightened away from advanced school study. Should all efforts of the 1970's to facilitate access to the advanced school particularly for these groups have been for naught?

5911

CSO: 3620/184

POLITICAL

GREECE

PROVISIONS OF NEW BILL ON POLICE 'UNIFICATION'

Athens I KATHIMERINI in Greek 5 Feb 86 pp 1, 3

/Text/ The bill drafted by the Ministry of Interior and Public Order and that modifies the most essential provisions of Law 1481/84 with regard to the Unification of the Security Corps provides for almost a complete return to the old status that prevailed in the Cities Police and Gendarmery that have been abolished.

With the revised bill the government's failure on the issue of the unification of the security corps was fully admitted. Ill-considered measures and decisions, ideas without prior study and without an understanding of reality were undertaken to be implemented through Law 1481/84 with the result being that the police's operations reached a dramatic point with the natural effect being its complete inability to do what it was supposed to do, namely fight crime, maintain public order, security, etc.

With the revised bill the rank of brigadier general and second lieutenant is brought back and the rank of inspector, as it used to be in the gendarmery, is restored. Also, the possibility is provided for the establishment of police directorates in the General Police Directorates (of Athens and Salonica) and of police subdirectorates, public order units, agrarian police, traffic police, aliens police and police stations in all police directorates. The establishment of these services in each police directorate will take place by presidential decree and in accordance with the needs prevailing in each police subdirectorate region.

Four police directorates will be established in Attiki region each one of which will have the necessary number of subdirectorates, police units, etc.

The four directorates will be established on the basis of one per nomarchial division of the nome and will have control of the corresponding region. Since the nomarchial division of Piraeus also covers regions that belonged, prior to unification, to the Piraeus Police Directorate at that time, it is possible that some problem may arise. This problem will be resolved by presidential decree once the relative study has been completed.

The restoration of the rank of brigadier general was deemed necessary following the reduction in the number of major generals from 21 to eight because great inequities were made to the detriment of retirees and also great financial discrepancies in pensions also to the detriment of retirees.

The restoration of the rank of police second lieutenant was called for primarily by the military. Law 1481/85 clearly specifies that the EL AS /Greek Police/ is a military body with a military structure and military discipline, hierarchy, etc.

By virtue of Law 1481/84, officer candidates would study for 3 years at the police school and would graduate as police first lieutenants, while in the army similar officer candidates would also study for 3 years and graduate as army second lieutenants. At the same time, police first lieutenants would have to complete about one-third of their careers, 10 years, in the same grade, something that would be particularly tiring and also something that would have reduced both interest and productivity among most of these officers after a certain number of years of service. With the restoration of the rank of police second lieutenant a difference is created because police second lieutenants would be promoted to the rank of police first lieutenant after 3 years of service and given the fact that the number of organizational positions of police first and second lieutenants are not increased by the new law, the growth of the police first lieutenant force will henceforth be normal.

Other Changes

Through various other provisions of the revised law various secondary issues are regulated, such as the unification of the police, public order and security branches. Abolished is the civilian defense branch. The civilian emergency planning branch is restored, as is the institution of agrarian police. The independence of the Firefighting Corps is also finalized.

The revised law does not specify what the number of police brigadier generals will be. Mr Tsouras will announce this figure to the Chamber of Deputies during the discussion of the revised law. Nevertheless, as categorically stated, immediately after the passage of the law the selection of the police brigadier generals will take place. According to information, there will be about 15 police brigadier generals, while the number of organizational police director positions, that will be reduced, will also be about 15.

5671

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POLITICAL

ITALY

PCI CENTRAL COMMITTEE DETERMINES CRITERIA FOR 17TH CONGRESS

Rome L'UNITA in Italian 12 Jan 86 p 10

[Article: "This Is How Discussion and Voting Will Be Carried Out in Party Congresses"]

[Text] The Committee of 77 has produced the final draft of the document that, on the basis of the statutory norms in effect, sets the congress procedures, introducing significant innovations with the purpose of expanding participation and strengthening democratic guarantees. We publish here the main features.

The basic purpose of the section and federation congresses is to develop effective and thorough discussion of the congress document approved by the Central Committee (CC), which is to constitute the primary reference base.

It is necessary to avoid having the section and federation congresses approve political motions that are repetitive of the congress document. Instead, it is good for the congresses to express in a brief agenda their opinion on the CC document and possible amendments, and discuss and approve brief policy motions that pledge the sections, federations and regional committees, within the respective realities in which they operate, in regard to the directions and the concrete mass initiative and strengthening of the party. Finally, it is appropriate, also to enable effective and thorough discussion by the congresses, to have possible amendments to the CC document presented in written form in the initial phase of the congress, so that all comrades will be able to review them and the committee itself will be able to evaluate them and express its opinion on them.

Cell and Section Congresses

The section congresses and cell congressional assemblies will have the following items on their agenda:

1. Debate and approval of the document of the CC and the Central Control Committee (CCC);
2. Election of the leadership and control organs and the delegates to the federation (or section) congress.

In the section congresses, other items can also be put on the agenda and discussed. The section congresses should be organized in such a way as to guarantee participation by the members, applying the most suitable schedules and proceedings methods. In particular, should be promoted and guaranteed the fullest attendance of members at the concluding phase of the congress, particularly in discussion and voting on the document, possible amendments, the leadership organs, and the delegates to the federation congress.

The section congresses and the cell congressional assemblies will elect, for the organization and direction of their own work, a presidium, policy committee, electoral committee, and credentials committee (the latter only for section congresses with delegates) according to the prescribed procedures.

The policy committee, on the basis of the debate in the assembly, will prepare a brief agenda (that will be presented to the congress for discussion and vote) in which it will express a judgment on the CC and CCC document and possible amendments. The federation congress and the national congress must be in a position to know precisely the opinions of the comrades and to evaluate them. Thus, it is necessary to have an accurate and precise count of the votes on both the amendments presented and those rejected. The minutes of the section congresses should be promptly forwarded to the federations.

Federation Congresses

In regard to the holding of the federation congresses, it is advised that they be very expeditious, lasting at the most 3 days.

The federation congresses will have the following items on the agenda:

- a. Debate and approval of the CC document;
- b. Election of the leadership and control organs, and election of the delegates to the national congress and the regional congress.

At the federation congresses, other items can also be included in the agenda and discussed. The committees should preferably meet during periods devoted exclusively to them. The following committees are necessary:

1. Policy committee (to study amendments to the CC and CCC document and possible proposals);
2. Electoral committee;
3. Credentials committee.

Other committees can also be formed to handle specific issues to which the Federal Committee attaches particular importance.

It is advised that the introductory report of the federation congress be limited to a 1-hour period. It should review the main issues of the CC and CCC document, briefly cover the congress discussion that has already taken

place, and tackle the questions of labor and party initiative.

The comrade sent by the CC will give his own speech at the end of the congress proceedings, referring to the discussion and citing the themes of the CC and CCC document. The reporter will have the right to present a brief response, if he considers it appropriate. It must be clear that policy conclusions of the congress are put in the policy document presented by the appropriate committee and voted on by the congress itself. As for the final document, it must avoid formalism and ritualism, but seek to synthesize the content of the discussion that has taken place in the committees and plenary sessions. Naturally, it must comment on the platform contained in the CC and CCC document. Possible amendments, proposals and resolutions that are different from those presented by the policy committee should be raised for discussion and voted on by the congress in a clear way. The results of all the votes must be recorded in the congress minutes, and all the documents presented must be included in the minutes. A copy of the minutes and the documents of the federal congresses must be forwarded to the CC electoral committee for preparation of the congress, which will make them available to the national congress. Thus, particular care must be taken that the discussion deals with the substance of basic issues contained in the CC and CCC document and the major problems of the party's political initiative, avoiding wandering and formalism, and thus reaching clear conclusions.

The presidium elected by the congress leads the congress proceedings and is responsible for congress order and discipline. In the section and federation congresses the following have the right to speak: delegates, members of the outgoing leadership and control organs, and comrades sent to represent the federal committees, the regional committee and the CC.

Leadership Organs

The formation of the leadership groups and organs at this time in the party's life must be characterized by a greater presence of women comrades, and by a greater number of comrades representing the abilities and specialties in which the party is rich; by a greater presence of comrades involved in production, and forces that reflect the population reality of the country. The composition of the leadership organs must reflect the richness of the party's political and cultural energies and display the effective will to make use of the broadest forces. This does not contradict, but instead should promote, the necessity for renewal, which precisely requires a constant commitment to use all the party's forces and capability. The experience of the past few years has confirmed to us that the necessary positive synthesis of the contributions of work and leadership from the various political, social and generational backgrounds can be achieved only by leadership groups that demonstrate the capability to renew themselves without losing any active support. Greater balance and stability is also the precondition for unity of the leadership groups. In this way, the advance of new forces--essential for a mass party like ours--will enrich and update the total wealth of the party.

Section Directives

In accordance with the statute, the section congress will elect the steering

committee and the arbitration committee. Based on the results of the past few years, it is necessary to further increase the number of women and men comrades in relation to the new production activities and the population realities.

In the past few years there has been a particular development of women's awareness and struggles. This must be reflected in the composition of our leadership organs, starting with those of the sections. It is recommended that a permanent invitation to the meetings of the section steering committee be given to the secretary of the FGCI [Italian Communist Youth Federation] branch, with the purpose of giving the FGCI itself a contribution but also of enriching the life of the party, but without that involving removal of the comrade from the youth organization. On the contrary, this should represent a greater commitment by the party to the issues of the youth.

Federal Committees

The federation congress must elect the federal committee and the federal control commission. In regard to their composition, it must be based on the need to elect a federal committee that will be a body jointly responsible for the policy set by the congress, and linked in an organic and permanent way to the zones, sections, cells, and other party organs in the province.

A federal committee should be elected that will include the necessary number of leading comrades who know how to operate effectively in the political, social, economic and cultural reality of the zone, and to assure the consistent operation of the body to which they are elected. In reelection, one should take into account the frequency with which comrades have previously participated in the meetings and activities of the federal committee and, in general, the party. One must avoid a situation where an excessive number of members makes difficult the operation and capability of leadership and decision-making. Many federal committees are still too large. In this case, the commitment must be made to reduce the number of members. In election of the federal committee a criterion of proportionality should continue to be used based on the number of party members in the federation (from a minimum of 35 to a maximum of 120 members).

25 Percent Women

In formation of the federal committee, the following norms should be achieved:

- a. The majority of members of the federal committee should be comrades involved in productive life, particularly workmen, workers directly linked to the different realities of the labor world, the professions and intellectual activity;
- b. The balance of comrades of various generations must be insured through a proportional representation of young, middle aged and elder comrades that will guarantee renewal and continuity of the leading groups;
- c. The number of comrades in the federal committee should be increased by a percentage of up to 25 percent, and in any case not less than one-fifth. The

women in the federal committees should be a reflection of the work and commitment in more general sectors of the party life. At the same time, one should increasingly promote the presence of women comrades engaged in women's work, because of the political importance this has in the party's organizational work.

d. The statute guarantees to the FGCI the participation of a delegation in the proceedings of the federal committee. It is recommended that this practice be continued, which, within the framework of the FGCI's autonomy, enables active participation by the comrades in party debate.

The federal control commission (CFC) must, in accordance with the statutory norms, be composed of a number of comrades not greater than one-third of the number of members of the federal committee. The statute assigns important control tasks to the CFC. For this reason, this organ must be composed of comrades who will give it authority, prestige and efficiency.

Presidium of the Congresses

The presidium of the congress is elected at the proposal of the comrade who, at the opening, transmits the resignation of the leading organs on their behalf.

It must not exceed a certain quorum in relation to the number of delegates (not more than one-twentieth of the national congress; between one-fifteenth and one-twentieth of the federation congresses; and one-tenth of the section congresses that may be held for delegates).

It is the prerogative of the presidium to elect from within it a presidium bureau.

At the national congress and the regional congresses, the presidium of the congress or its presidium bureau will meet with the representatives of the delegations to draw up the list of committees to be presented for the study and vote of the assembly.

In the case of the national congress, the delegations are composed of all the delegates elected in the federation congresses of a single region; in the case of the regional congresses, they are instead composed of the delegates elected in the congresses of each federation. Both the regional delegations to the national congress and the federal delegations to the regional congress select a head of delegation to represent them.

In the section congresses and the federation congresses, the presidium of the congress draws up the list of committees to be presented for study and vote of the assembly, immediately after it is established and after the first session of the congress.

In regard to the composition of the committees, in order to guarantee the productivity of the work and at the same time enable an effective and broad dialogue among the delegates of the congress assembly, it is necessary that

the members of the committees be limited in number and at the same time be representative and qualified.

Duties of the Policy and Electoral Committees

The policy committee must be composed of strongly committed comrades at various levels of the party, institutions, movements, and mass organizations, and must be representative of the cultural and political richness that the party possesses. The duty of the policy committee is to study the amendments to the congress document and express an opinion on them to be referred to the congress assembly, and to draft brief final documents to be presented for discussion and approval of the congress that summarize the content of the congress debate.

The electoral committee must represent and be composed of comrades who provide the maximum assurance of objectivity, calmness and real knowledge of the contexts of the section and the federation.

The composition of the electoral committee and drawing up of the lists of candidates must be done in such a way as to achieve the broadest party unity. In evaluating proposals the basic criterion must be the results that the comrade has achieved in the struggles, in broadening the organized strength of the party and the FGCI, in the respect of the workers, in daily commitment to make our policy live, in political capability, and in combativity, honesty and dedication to the party. Possible confusion, reservations and disagreements by men and woman comrades about individual aspects of the party's policy must not be a motive either for excluding or including a comrade in the leadership organs.

The electoral committee must have information for political judgment as well as biographical details on each comrade under consideration, and provide them to the congress delegates to enable them to give a more specific judgement on the proposals made.

The electoral committee will operate according to the regulation approved by each congress. It is proposed that the electoral committee operate in the following manner:

1. Explain in an initial session to the delegates and judges the evaluation and criteria it intends to use, and not give at this first session any nominating proposals. Instead, it should propose the number of members of the various bodies and the form of election, and then decide on these;
2. At a second session confined to the delegates, present an initial list of candidates whom it is proposing, assuring that the delegates have the needed biographical data on the members. The delegates then discuss it;
3. On the basis of the observations made and the further proposals presented, the electoral committee draws up the final list of candidates for the various organs, and presents it for the vote of the plenary assembly, justifying the selections made.

The representative of the CC and the regional committee to the federal congress; the representative of the CC to the regional congress; the representative of the federal committee and of the zone to the section congress; and the representative of the section steering committee to the cell congress assembly, are entitled to be members of the presidium and the electoral committee.

Number of Delegates

The section congress is established by the general assembly of members in possession of the party card of 1985, also in the case where the section is organized into cells. In those sections that are partially organized into cells, it is appropriate to hold preconference assemblies in the cells themselves to tackle specific questions relating to their political initiative and struggle action.

The section congress will elect delegates to the federal congress according to the ratio to be established by the federal committee. It can vary from one delegate per 50 members, per 100 members, 200, or 300 (or respective fraction thereof). For federations of up to 5,000 members, the ratio can be set at one delegate per 30 members. The established ratio will remain the same for all sections of the federation.

In accordance with the decision by the CC and CCC, the federation congresses will elect delegates to the party's national congress in a ratio of one delegate per 1,500 members or fraction thereof, as long as the fraction is larger than 750 members. No federation will have less than two delegates. The delegations to the section, federation and regional congresses must include delegates from the largest factory and enterprise cells and sections, and an adequate representation of women and youth. These criteria must be kept in mind also for the delegates to the national congress.

The delegates will participate in the congress discussion and decisions with full independence of judgment. The conclusions and decisions of the congresses in which the delegates are elected must not be regarded as a commitment for them.

In accordance with article 17 of the statute, in the section, federation and national congresses the members of the leadership and control organs who are not delegates have the right to speak but not to vote.

Methods of Voting

Article 25 of the statute provides that the leadership and control organs of every party level will be elected by direct vote, by name, according to the procedures that the assembly will periodically decide. Vote by secret ballot is obligatory when requested by at least one-fifth of the congress participants.

Presidium and committees. The CC and CCC propose adoption of the open vote for selecting committees in view of the complexity of the duties entrusted to them and the need for them to have authority and balanced representativeness.

It is recommended that the open vote be used also for election of the presidium and the secretariat of the congress, as well as for procedural questions, texts of documents, and related amendments.

For this voting as well as the others, in the delegate congresses at least half of the elected delegates must be present, and it must thus be possible to confirm this quorum.

Agenda. The form of the congresses agenda can be modified in such a way that, if observations do not arise, it will conform to the agenda prepared along with the convocation of the congresses themselves. If new or different proposals emerge, they can be decided by show of hands, and with statements by delegates, one (or two) in favor and one (or two) opposed.

Documents and Amendments

In regard to discussion and voting on the documents, adoption of the following criteria is proposed:

- a. According to regulation, aside from the exception in the following paragraph;
- b. The amendments not approved by the section and federation congresses should be collected, with indication of the votes received, and put at the disposal of the policy committee, which will evaluate them liberally, without being required to explain reasons in their regard. On the other hand, each delegate has the right to present such amendments and then formalize them, without the rule of imperative mandate applying;
- c. Those amendments that, though rejected, received a certain percentage of the vote (20 percent) must instead be considered by the policy committee of the higher level congress, which must, with reasons provided, propose their acceptance, total or partial, or their rejection.

In general, for amendments it is recommended--in harmony with the principle that people join the Communist Party on the basis of its program--that the amendments themselves have the substance of a policy proposal, and thus that they be directed at modifying substantive choices in the documents. The amendments should be presented in writing, within the deadline set by the congress, so that they can be examined by the policy committee.

Election of the Leadership Organs and Delegates

In regard to elections of the leadership organs and delegates it is recalled that article 24 of the statute provides for a specified length of party membership for comrades called on to serve (from 2 years for the section steering committee to 10 years for the CCC).

The fact remaining that under the norm of the statute each congress level can decide its method of voting and election--open or secret--to the leadership and control organs, the CC and the CCC propose in the case of adoption of open vote the presentation of a list of length equal to the number of the comrades

to be elected, still with the provision that the delegates must vote on each name.

Norms for Secret Vote

In the case of adoption of a secret vote, the CC and CCC propose use of the following method.

Preparation of lists of candidates containing more names than the number to be elected, according to a percentage of excess that can vary between certain limits, also in relation to the agreed number to compose the leadership and control organs (and in relation also, as noted, to the number of delegates). This percentage could vary between 10 and 15 percent. The vote of the delegates (or of the comrades gathered in general assembly) must be expressed by preference indication, excluding erasures and substitution of names. It is proposed that the vote be limited, and that each voter have a certain number of preference votes, a minimum number--not less than 75 percent--and a maximum--not more than 90 percent, depending on the number of members of the organ to be elected. Nevertheless, in application of the current norm of the statute a delegate cannot be denied the right to use a number of preference votes equal to the number of comrades to be elected to the organ, that is, 100 percent.

On the basis of this instruction, ballots will be considered invalid that state a number of preferences below 75 percent and over 100 percent, in relation to the composition of the organ being elected.

Participation of the FGCI

It is necessary that the problems of the new generations be given significant attention in congress discussion. To this end, the election of young delegates to the provincial, regional and national congresses is urged.

As regards the FGCI, on the other hand, the party, recognizing the new autonomous experiment that it has undertaken, has as a result set the objective of strengthening, at every level, the relationship between the FGCI and the party itself.

The FGCI, under its new statute, affirms that it identifies with "the strategic inspiration of the PCI" and at the same time confirms its autonomy with respect to the party. In full respect for the shared democratic rules, the FGCI participates in the provincial, regional and national congresses with its official delegations and with the privilege of taking part in the debate. Under the norm of the statute these delegations participate in the voting on delegates.

The size of the delegations participating in the section, federation, national and also regional congresses will be decided at various levels by agreement between the party organizations and the FGCI.

9920

CS0: 3528/63

13 March 1986

POLITICAL

NETHERLANDS

COURSE OF VVD PARTY CONGRESS VIEWED

Rotterdam NRC HANDELSBLAD in Dutch 20 Jan 86 p 3

[Article by Hubert Smeets: "Nijpels Avoids Hot Topics During VVD Congress"]

[Text] Practically everybody had free access to the microphone at the VVD Party Congress held in Almelo last Friday and Saturday. Ordinary members, prominent members of the cabinet, famous "veterans," even an Abva-Kabo union leader: all were invited to, and could speak out at the VVD Congress where the election program for the next four years was defined.

But one prominent conservative remained silent in front of the entire audience the whole time: Ed Nijpels, leader of the parliamentary fraction, party leader and, unavoidably, the number one on the list. He sat motionlessly at the presidential table of party chairman Jan Kamminga. In the lobby he would still give his opinion about the "specimen" of a possible euthanasia law which the government had put in prospect on Friday afternoon. But he drew an impenetrable veil over that other hot issue: his personal image as leader and as top man of the list. This in spite of the eagerness of many to hear Nijpel's reaction to the most recent opinion polls, which still do not look very bright for the VVD.

This not so much because these figures indicate that the VVD has suffered considerable losses, but especially because Nijpel's position, too, is not at all to be taken for granted, according to the latest polls of Maurice de Hond and VARA's "Rooie Haan." Only 11 percent of VVD voters still believes that the current leader of the parliamentary fraction is the most ideal leader of the VVD, Maurice de Hond announced on Saturday. In fact, 70 percent of the conservative voters would prefer Hans Wiegel, the Frisian Queen's Commissioner, to return to The Hague. It is perhaps a cold comfort for the VVD campaign-makers that Nijpels, according to this poll, does better with the electorate at large: 14 percent for him against 49 percent for his predecessor.

Ordered Programme

These tough figures were not unknown in the theater of Almelo where the VVD congress was held, but any reference to them was painstakingly avoided. They were discussed, however, outside the conference room, but of course, de Hond

does not cause feelings to run so high in VVD circles as in the PvdA. The effect of his polls on the socialist broadcasting system has been giving the political top of the PvdA a peck of trouble for a while. Nevertheless, Ed Nijpels could not be coaxed into commenting on the polls. Neither did he give a general address, a directive speech. It had not been programmed by the executive committee of the VVD. And the conservatives stuck to the order of the meeting.

Only party Chairman Kamminga indulged in a more general reflection. He concluded the congress Saturday afternoon with his credo: "No vain promises, no stunts, no telling anybody that the moon is made of green cheese, but honesty and clarity. The future and the interests of the nation have priority over short-term election effects." And then his call, "Let us unambiguously rally round our program, the policy of the government, and Ed Nijpels, the leader of our list," in order to remove any doubts present, perhaps, also in his own party.

Polite

That plea had to do more with Nijpels, who will be chosen to lead the list in two weeks, than with the program. Because that itself did not cause any fundamental differences to arise, last Friday and Saturday. Among each other, members of the conservative congress do not tend to discuss things trenchantly. At a conservative congress, there is no strict timing of speakers, things are not rushed through, the delegates do not get entangled in speeches on principles or polemics. VVD members do not jostle when they want to speak; everybody waits politely and very quietly for his or her turn. And if two people happen to want to speak at the same time, a "don't fight, don't fight" from Chairman Kamminga is enough.

Even a hierarchy according to protocol is virtually nonexistent. The political "hobbyist" from Haarlem does not get a worse audience than members of the government such as Winsemius and Schoo, who join in the discussion without much ado when their departments are on the agenda. When a district such as Rotterdam wanted to break with this habit, and requested especially that the Secretary of the Justice Department, Korthals, Altes, be given the word so that he could avert the danger that the VVD would advocate the administrative integration of state police and municipal police in the care of the Department of the Interior against his will, then Jan Kamminga's answer to this, that the Secretary of State is man enough to grab the microphone and speak for himself, is no reason for endless debates on order, but the meeting continues in all serenity.

Shop

In the VVD, discussions tend to focus on the details of policy rather than on the starting points. Conservatives do not have big plans for the world. Governmental responsibility then means "taking care of the shop." A general discussions about, for example, drug addiction, is not meaningful at the VVD Congress; the discussion there immediately addresses the question whether junkies should be forced to kick off. The Justice Commission of Children's

Court Magistrate Van der Goes van Naters from Breda argued in favor of this. The congress, by the way, did not agree with him at all on this issue.

And if there is a threat that the various opinions about the reclamation of the Markerwaard are becoming absolutely irreconcilable, then the question is not discussed exhaustively but a decision about which point of view to adopt is put off--so that the pro's and con's can be discussed again and the opinions of (among others) Smit-Kroes, Secretary of the Department of Dikes, Roads, Bridges and Canals--in favor of reclamation--and Ginjaar, ex-Secretary and also chairman of the Program Committee of the VVD--against--can perhaps be reconciled.

In fact there was only one item of the election program on which opinions were still different Friday and Saturday: the financial position of the municipalities and, in particular, the issue whether the municipalities should still be held responsible for ten percent of the--continuously rising--relief expenditures. The congress decided Friday at the intercession of, among others, Representative Herman Lauxtermann and of Annelize van der Stoep, city councillor of Amsterdam, that the municipalities should be given a lighter share of the burden. Rudolf de Korte, member of parliament and financial expert, fruitlessly fought this decision.

But the same theme indirectly recurred the next day, when at the conclusion of the survey of the party program, its financial basis (drawn up by the same Rudolf de Korte) was on the agenda. There it was said that out of the total retrenchment program of 13 to 20 billion guilders the VVD wants to realize, one billion has to come from reductions in the funds of municipalities and provinces. Marco Swart, council member of Enschede, feared that this might create the impression that the VVD wanted to continue the cutbacks in funds the municipalities receive from the State. But Chairman Kamminga quickly made an end to this discussion. He argued effectively that the financial details fall outside the program and their contents can thus not be discussed.

This mini-debate illustrated indirectly how wide the gaps can sometimes be between discussions in a congress hall and the practical problems outside. Because if there is one municipality which is heavily encumbered by the growing number of people who qualify for relief, it is Almelo. This town has never been able to recover from the death of the Dutch textile industry. An ample 25 percent of the work force that counts for the statistics is out of a job--an ample 10 percent more than the national average. Almost all of the town's own revenues go to relief. A town such as Almelo can invest its hope only in Kamminga's optimistic finale: "Today is the first day of the future."

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POLITICAL

NORWAY

PRIME MINISTER'S OFFICE SEEN TAKING OVER FOREIGN POLICY ROLE

Oslo ARBEIDERBLADET in Norwegian 17 Jan 86 p 5

[Commentary by Halvor Elvik: "Foreign Minister Willoch']

[Text] The last few days have provided us with a new example of a development which has been evident for some time, viz. that the foreign policy center of gravity within the coalition government has shifted from the Foreign Ministry to the Prime Minister's office. There is now every reason to listen attentively to the statements and moves emanating from these quarters before observers form an opinion on the present and future Norwegian foreign policy. At any rate, in the crucial and controversial policy areas.

Norway now has two junior foreign ministers in Undersecretary Nils Morten Udgaard in the Prime Minister's office and Undersecretary Torbjørn Frøysnes in the Foreign Ministry. There has been an internal policy tug-of-war between these two persons on internal influence, which, to outside observers, for the time being, appears to have been won by Nils Morten Udgaard.

However, it would be far too narrow-minded to view the present Norwegian policy actions as the mere result of the outcome of a tug-of-war between persons and personalities. The government leader is more involved with international developments and he is more active in foreign policy matters. Government leaders meet more often and have more work-oriented meetings now than they used to have. They also have more frequent and broader contact. The immediate result of this is that the government leader becomes more active in, and plays a greater role in the shaping of the foreign policy.

This, however, does not sufficiently explain the clear shift toward the Prime Minister's office that we now witness in foreign policy matters. Nor is the reason that Kåre Willoch might have been passive on foreign policy issues since he took over in 1981. His cooperation with Foreign Minister Sverre Strøm has been close and intimate from the very start, even if Willoch had a different candidate in mind for the post of foreign minister than Sverre Strøm at the formation of the government.

Strøm, however, got into repeated conflicts with the majority of the Storting during the previous period. Moreover, an increasingly more evident passivity

on the part of the Foreign Ministry in shaping and, in particular, marking Norway's position on foreign policy issues, created a vacuum which the Foreign Policy Committee of the Storting, in a way, filled in. The clearest example of this process was the work on the part of the Foreign Policy Committee on the arms reduction report. The said report was actually put away and replaced by the report of the Foreign Policy Committee which is now the major document on Norwegian arms reduction and security policy positions.

Willoch wanted to acquire greater control over this situation. Willoch, first and foremost, wanted to prevent situations from arising in which the Storting groups of the middle parties would form the majority in the Storting together with the Labor Party on important foreign policy issues and thereby change or vote down proposals from the government. The leaders of the middle parties within the government had the same need for greater control, but for a different reason. It was, therefore, with the full support and cooperation on the part of Bondevik and Jakobsen that the government set up its Foreign Policy Committee, the RUU [Government Foreign Policy Committee]. Participation in the RUU meetings vary from issue to issue, but, in that committee, the major government politicians meet with the leaders of the middle parties in the Storting and the chairman of the Foreign Policy Committee, Jan Petersen of the Conservative Party.

The government's support of the UN resolution to freeze the nuclear arsenals of the superpowers at their existing levels was the first major issue which put RUU in a central position on foreign policy issues. Here, a classical political 'horse deal' took place, in which Willoch agreed to support a freeze subject to assurances from the middle parties that they would not cause any obstruction on the space arms issue. Now, after the turn of the year, RUU has been in charge of the discussions on the issue of Norwegian measures against South Africa. Even if this situation has not been finally clarified, there are many indications that the maneuvers within and around RUU will succeed in keeping the Storting groups of the middle parties under control.

Willoch himself heads RUU, and Udgaard is the committee's secretary. In government quarters, the role played by RUU is described as 'natural' and 'logical.' In actual fact, the Prime Minister's office is increasingly assuming control over the major foreign policy issues.

The confusion in conjunction with the Norwegian reaction to the support of President Reagan's boycott of Libya illustrates the situation. Apparently contradictory statements were made by Foreign Minister Stray and Udgaard. When the matter became clarified last Thursday, this also took place via the Prime Minister's office, and with a result which was closer to the Udgaard version than the impression created by Stray's statements. The parties involved will, of course, claim that there were no discrepancies, errors or conflicts.

However, the parties involved are not the only ones to evaluate the situation. The Norwegian foreign policy has got both its transmitters and recipients, and the transmitters, indisputably, give rise to confusion and questions on the part of the recipients, both in this country and abroad.

POLITICAL

NORWAY

FORDE LEADING LABOR PARTY IDEOLOGICAL CAMPAIGN TO REGAIN POWER

Oslo AFTENPOSTEN in Norwegian 25 Jan 86 p 3

[Article by Bjorn Talen: "'Regulation is Civilization'"]

[Text] There is much which suggests that the struggle for power in 1989 will be carried out--and won--in the ideologic arena. The Labor Party in any case has opened a freedom debate, among other reasons, to improve its standing in the central urban areas where people have most noticed the results of the Conservatives' efforts for greater freedom and a more open society. The Labor Party's chief ideolog, Einar Forde, says he is willing to open the doors to greater individual freedom. But at the same time, he positions himself--with his statements--in the middle of the door opening. Many shifting voters who have tasted the new freedom likely do not feel convinced that the socialists will manage in practice to break the old bad habit of resorting to prohibitions every time something pops up to their disliking. An intellectual debate and verbal promises are not enough. It remains the results which speak the loudest. And Einar Forde assures us that regulations are a distinguishing characteristic of civilization.

"Freedom's just another word for nothing left to loose," sang Janis Joplin, who took advantage of freedom to destroy herself. But in the political debate, one is more willing to allow the concept of freedom to encompass more than that--also more than the ultra-liberal Ayn Rand, who maintains that freedom is the right to do everything which does not include direct physical violence against another person. The philosophic freedom debates often become abstract, but the connection between ideology and everyday reality rapidly becomes apparent when one poses the issue as follows: Is it freedom to be able to build a cabin wherever one wants? Is it freedom to be able to buy health instead of a video machine? Is it freedom to light a cigarette which bothers others?

Honored Word

Freedom is an honored word which transcends all established political boundaries. But all democratic parties, even the Progress Party, must weigh freedom against other honored words such as security, equality and fairness. At the moment, this problem presents itself most accutely within the Labor Party, whose solutions for dividing society's wealth often have been at the expense of an individual's freedom to make his own choice. The result of these well-meant meddlings gradually has grown into a formidable legal jungle.

No one would assert flat-out that freedom and socialism cannot coexist. Is this because socialism has become such a loaded term--misused by "the peoples' democracies" and tyrants from Ethiopia to Kampuchea--that it nearly has disappeared from the Labor Party's vocabulary? AFTENPOSTEN has invited vice-chairman Einar Forde to engage in an ideologic chat with total freedom:

"It is not completely true that we never use the word 'socialism' any more. For me, it has a specific content. But the observations are partially correct. The debate about freedom, however, is not a Norwegian phenomenon. Social Democrats everywhere have felt the challenge. Freedom is the most painful word for us. The conservative parties' greatest success has been that they gradually have managed to monopolize the debate about freedom."

Freedom Movement

"Within the labor movement, we have been accustomed to viewing ourselves as a freedom movement. Therefore, we have felt the accusations that 'socialism leads to Siberia' to be extremely unfair. But it is clear that we have been neglectful in certain areas and it is this challenge which we must meet."

[Question] "Is it not true that the Labor Party always puts freedom in second place after security and equality? And is a certain inequality of income not the price which we must pay for growth and progress for the good of all?"

[Answer] "I agree that working should be profitable, as the Conservatives say. Education, efforts, responsibility and creativity ought to be compensated. But unfortunately, today it is the ability to manipulate money which carries the most weight and the greatest premiums redound to those who work hardest at avoiding taxes."

Increased Inequality

"Equality has its own intrinsic value. In Norway we have a fine egalitarian tradition. Recently however, inequality has increased as respects income and wealth, particularly in Great Britain. This is due primarily to the fact that the bourgeois merchants--or mercenaries, to say it more crudely--have overtaken power in the conservative parties. Therefore, equality is not just an honored word without contents of political conflict. We must fight for equality in every generation."

[Question] "But does it not seem as if the Labor Party always gives in to the demands of special interest groups for regulations which conflict with the people's need for freedom?"

[Answer] "Now we must remember that regulation is itself a characteristic of civilization. During the American Civil War there were those who claimed that the abolition of slavery was an infringement on their freedom. But obviously there are both practical and idiotic regulations. The Labor Party must assume the responsibility for the fact that we have wanted to regulate in areas that were not terribly necessary. However, the majority of the infringements are not the result of the desire of politicians to regulate, but rather, of the desire of businesses for protection. To be sure, there are banquet speeches on freedom of choice in organizations and industries, but the next day, there are knocks on the politicians' doors for subsidies or regulations."

"Therefore, the division is not always a classic one as between Right and Left. The non-socialists have implemented re-evaluations even though they have led to increased bureaucracy. It was the special interests of landowners which were victorious in that instance.

"A detailed examination of power has shown us that the power of organizations has increased at the expense of the elected representatives. This is a common challenge. Willoch and I likely do not view this problem dissimilarly. In addition, it is not always the most desirable special interests which come out ahead. Just think about the persuasive power of the Association for the Handicapped as opposed to the automobile associations.

"Normally, I prefer compromises over conflicts, but sooner or later, the politicians must extract compromises from the strong organizations and re-take power."

[Question] "But it cannot just be the fault of the Commercial and Office Workers' organizations, and others, that the Labor Party nearly always comes reluctantly limping along in the reforms which the Conservatives have forced into being, for example, as respects the monopoly of the Norwegian Broadcasting System and the closing-hours law?"

[Answer] "That is a good question to which we have many official responses. Among others, that our long-term program in 1981 was a fresh response to the challenges. But to be honest--we were tardy."

Valuable Conservative Inheritance

"On the other hand, I feel that we have preserved our valuable conservative inheritance better than the Conservatives. The government has created a new reality with its media policy and new open-hours, but I doubt how successful it all is. Has it really created a lot? I have a feeling that the desire to break up government institutions has been a greater motivation than true conservatism."

[Question] "Will we be turning the clock back in these areas if the Labor Party regains power?"

[Answer] "No, not back to where the clock was. It will more nearly involve preventing the creation of new monopolies and concentrations of power. Nor can the old real estate market be restored even though there is much which should be done in this area."

[Question] "It is often said that the Conservatives' position only leads to freedom for the few. But didn't the Labor Party emphatically miss the mark on the question of dissolution rights for specialized housing cooperatives and the concession law which was shown to involve many, and terribly ordinary, people?"

[Answer] "If I am to be truly candid, then I must admit that we were too hung up with outdated solutions and lacked reform fantasies. But particularly with regard to social housing policies, we must be careful not to throw the baby out with the bath water."

"It also should be noted that we were in the process of working on deregulation when we were voted out of power. During the course of the 1970's, we sacrificed a good deal of equality for the cause of decentralization, and it was also the Labor government which appointed the committee to consider the question of open-hours."

[Question] "Do you agree with Gudmund Hernes that it may become necessary to repeal regulations which have been built up by the labor movement?"

[Answer] "Yes, but this will be difficult for two reasons. As respects arranging for more flexible work-hours, we support the labor movement's feeling that established bulwarks are being threatened. Additionally, we are dedicated to placing greater emphasis on liberalization, freedom of choice, and individual rights relative to public regulations. But we also have an opposite tendency which clearly is represented in Per Sundby and is based upon the lack of morals: alcohol, narcotics, money under the table and deceit are aspects of the modern society of which the Social Democrats have less reason to be proud. Therefore, we cannot assert that liberalization is beneficial in all areas."

[Question] "And in any case, should there not be freedom to use money on one's own health...?"

Unyielding

[Answer] "We want as few foregone conclusions as possible in our freedom debate. But in two areas, it is barely possible for us to yield on our demands for equality: education and in the health and social sector. That does not mean that we will forbid private health institutions. People may be willing to pay for that. But the privatizing must not eliminate the availability of socialized services or in other ways destroy the resources which must be equally available to all, irrespective of the size of one's pocketbook.

"There are also positive aspects to the advances in the private sector. They have led to a debate on the quality of the public offerings. One need only to have visited the Oslo emergency ward to have seen the deplorable conditions. A similar re-thinking also is needed regarding the threats from privatizing governmental industrial operations."

[Question] "But once again we have the impression that the eagerness for regulation is alive and well...."

[Answer] "We probably have some residual slag. But the freedom debate must not be reduced to triteness over the issue of being for or against regulations. As mentioned, in a number of areas there is no thought of reversing the trend. But I believe, for example, that environmental policies will come to be one of our best cards. It is a classic example of the result of individual freedom leading to the lack of freedom and catastrophe."

"We have lost an election but the advances which we continue to make in the public opinion polls provide us elbowroom for the debate about freedom. In fact, we have faith in ourselves right now. In contrast to certain other parties, we are in the fortunate situation that we can perform self-examinations for the future."

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POLITICAL

NORWAY

LABOR PARTY DISTRICT CONGRESS: BAN NUCLEAR ARMED SHIPS

Oslo AFTENPOSTEN in Norwegian 27 Jan 86 p 3

[Article: "Troms District Labor Party Demands Nuclear Weapons Guarantee"]

[Excerpts] The Troms District Labor Party annual congress this week has demanded that countries which send warships into Norwegian ports should guarantee that these ships are not carrying nuclear weapons. The requirement would pertain to visits of naval units as well as to exercises in Norway by our allies. The government is being asked to issue such a ban.

The measure was passed unanimously after a minority of 56 had voted for a narrower formulation of the proposal. A majority of 89 opposed the passage of the narrower measure. The disagreement focused on whether the government "can" or "must" require guarantees from warships of foreign countries.

The Labor Party's program which was approved last year contains a provision to the effect that it is assumed that foreign warships will not carry nuclear weapons during visits in Norwegian ports.

It was the Troms district AUF [Labor Party Youth] which had put forth this year's proposal on the nuclear weapons guarantee. There were many during the debate who argued that the paragraph on the guarantees against ships not carrying nuclear weapons should be stricken. This was based on considerations of national security.

The newly-elected chairman of the district party, Arne Bergland from Lenvik, told AFTENPOSTEN that in his opinion the proposal which was approved is "more moderate" than the AUF proposal which had been made prior to the annual meeting.

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POLITICAL

NORWAY

LABOR PARTY NEWSPAPER ON CONSERVATIVES NEW CHAIRMAN PRESTHUS

Oslo AFTENPOSTEN in Norwegian 21 Jan 86 p 4

[Editorial: "New Chairman of Conservative Party"]

[Text] Whether Rolf Presthus or Jan P. Syse will become the new chairman of the Conservative Party this spring is, in itself, not too exciting. The difference between the two men is merely external. "Within, they are alike." Both of them represent typical urban Conservatives with their business interests. In choosing between Presthus and Syse, the Conservative Party is not making any choice between different policy lines. They have, moreover, also in common that they publicly have expressed the desire not to become party chairman.

At first, one may, of course, be surprised at such a negative attitude to the chairmanship. Both, however, know the Conservative Party well enough to know that the chairman of that party seldom plays such a central political role as is the case in other parties. Like everybody else, they, moreover, know that as long as Kåre Willoch remains in office and has got power, he is the one who will decide the policy pursued by the Conservative Party. This has been the case ever since Willoch took charge of the Conservative Party, whether he sat in the Storting or was chief of government.

Even if the election in the spring of the new chairman of the Conservative Party is not too exciting or important in itself, it may, nevertheless, have important consequences. It seems likely that the one who is elected party chairman will also be the obvious candidate to take over Kåre Willoch's post as prime minister, at any rate if the change of power takes place before too long.

As has often been the case before when parties have had to choose a new chairman, discussions arise as to which combinations are fortunate or unfortunate. Will it be possible for Jan P. Syse to be party chairman at the same time as he is parliamentary leader? Will it be possible for Rolf Presthus to be minister of finance or to head some other department if he also becomes party chairman? There is no unequivocal answer to such questions.

It is a question of expediency which will have to be solved on the basis of the actual situation.

The way things are now, it seems evident that the most expedient procedure for the Conservative Party will be to elect Rolf Presthus chairman, making it a condition that he leaves the government. Even if Presthus is a member of the Storting, it will, in that case, be a condition that he spends much of his time at the party headquarters to develop and put the party organization in good shape. At the same time, it will be an important task for Presthus to mark the profile of the Conservative Party more clearly externally than Kåre Willoch is able to do in cooperation with the middle parties within the government.

There is every reason to note the reactions within the Center Party and the Christian People's Party to such a use of Presthus. It has been stated outright that if Presthus becomes party chairman and leaves the government, it will mean that the two other party chairmen, Kjell Magne Bondevik and Johan J. Jakobsen, will also have to leave the government. The political center of gravity will thus shift further toward the Storting. The political loyalties within the coalition will also shift. Not least Prime Minister Willoch knows the importance to his government of having the party chairmen and the most important politicians within the Center Party and the Christian People's Party sit together with him in the cabinet. It is never a good sign when important politicians want to leave their government posts. One merely has to recall the process of dissolution which was started when Kåre Willoch and Helge Seip in the past left the Borten government.

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POLITICAL

NORWAY

PAPER APPROVES PRESTHUS AS CHOICE FOR CONSERVATIVE CHAIRMAN

Oslo AFTENPOSTEN in Norwegian 28 Jan 86 p 2

[Editorial: "A Good Choice"]

[Text] In Rolf Presthus, the Conservatives have a chairman who can unite the party and who has the necessary political weight far beyond the Conservatives' own ranks. The unanimous choice of the election committee gives the Conservatives the chairman whom the party wants as a successor to Erling Norvik. Presthus can undertake his endeavors with the firm conviction that he has the solid support of both the party leaders and the party voters.

The popular finance minister obviously is leaving his post with a certain sadness. But he does not hide the fact that he welcomes the new challenges with both pleasure and anticipation. We do not doubt that the election committee has chosen the right man for the right post at the right time. Additionally, a better geographic balance has been achieved at the upper levels within the party.

We expect that the new party chairman will dedicate himself primarily to endeavors as the Conservatives' operations leader. In the dangerous parliamentary situation which we have today, the Conservatives need a coordinated political leadership. There is no reason for Presthus to undertake the role as a type of travelling secretary. Since he obviously continues as a member of the government, it emphasizes the nature of the demands which are being made on the other members of the leadership trio.

Contact with the party's elected representatives around the country obviously is important. But the choice of Presthus as chairman and his placement in the governing collegium require a different division of responsibility within the party than that to which one has become accustomed. We believe that the Conservatives will be served well by the chairman being given a real opportunity to concentrate on important political issues on behalf of the party.

The placement of the Conservative Party chairman within the government vouches for the best cooperation between the three ruling parties and it provides the Conservatives' new chairman with a solid political platform. We have no doubt that the cooperation-politician Presthus will manage to further the Conservatives' own cause without this occurring at the expense of the necessary political compromises relative to the Christian Democratic Party and the Center Party.

Permit us at the same time to clean up an obvious misunderstanding--as is said in parliamentary language. The possible shifting of Presthus from the Finance Department to the Defense Department obviously does not imply a lesser evaluation of defense and security policy. Also, no one has seen fit to suggest that Kjell Magne Bondevik's placement in the Church & Education Department means that the Christian Democrats do not place a high priority on that department's areas of responsibility. However, in a coalition, the finance minister stands in a unique position as the architect of cooperation. At any rate, this has been the case with Presthus as head of the Finance Department.

We would like to keep Presthus in that position. But things are politically neater now that he has been given a different position within the government. And the situation has not been made more complicated.

12578

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POLITICAL

NORWAY

LABOR PARTY PAPER CRITICIZES PRESTHUS NAMING TO DEFENSE JOB

Oslo ARBEIDERBLADET in Norwegian 30 Jan 86 p 4

[Editorial: "Good Choice"]

[Text] The Conservative Party's selection committee has unanimously nominated Rolf Presthus as new party chairman to succeed Erling Norvik. "A good choice," AFTENPOSTEN called it. And the main organ of the Conservative Party can safely--and correctly--say that even though it will be some time before the meeting of the national congress that will formally elect the new party chairman. The party congress does not play much of a political role in the Conservative Party. Decisions are made in advance.

According to AFTENPOSTEN Rolf Presthus is the right man in the right place. He is popular and has political weight far beyond the ranks of the Conservative Party itself. He could unite the party and do a good job of it.

If we remember correctly, these are about the same words AFTENPOSTEN used to welcome Erling Norvik when he strode into the chairman's office for the first time. Jo Benkow was also the right man in the right place when he took over from Norvik. It was somewhat different when Willoch, Norvik and a few others ousted Benkow from the chairmanship in order to reinstate Norvik. That was not a successful operation for the Conservative Party. It is obvious that it is not just in boxing that they never make a comeback.

We are willing to concede that Rolf Presthus is the best choice the Conservative Party can make. But, as the party itself is well aware, the problems of the Conservatives are not really connected with the personal characteristics of the party chairman. Although a lot of nice things can be said about Rolf Presthus as a person, it is hard to see him as a type that is obviously superior to people like Erling Norvik and Jo Benkow. The fact is that to the extent that any person is responsible for the Conservative Party, there is no one who measures up to Kare Willoch. That is the way it has been, that is the way it is now and that is the way it will continue to be as long as Kare Willoch chooses.

Although people are important in politics, in the final analysis policy is what counts. In the long run no party can float on a wave. The Conservative

Party's problems are political in nature. In this context too the Conservative chairman and the Conservative organization play a lesser role. The political center of power in the Conservative Party is currently located in the government. "Normally," in other words when the Conservatives are not running the government, this center of power lies in the Storting group.

Rolf Presthus will move from the Finance Ministry to the Defense Ministry when he takes over as Conservative Party chairman. He has no choice about staying in the government. Party chairmen Kjell Magne Bondevik and Johan J. Jakobsen will not accept Presthus as a freely operating Conservative chairman with no government responsibilities. If that were the case they would also leave their government posts to concentrate their political energies on Storting and party organization activities. The result of this would be to undermine the rest of the Willoch government. Everyone knows that, especially Prime Minister Willoch.

No matter how you look at it, it is not very flattering to put a politician in charge of the Defense Ministry because he wants calmer working conditions and more time to serve as party chairman. We see that AFTENPOSTEN is trying to explain the Presthus move by saying that "it is tidier from a political point of view when they are prepared to give him a different position in the government. It is as simple as that." Yes indeed.

6578

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POLITICAL

NORWAY

LABOR, CONSERVATIVE PAPERS PERCEIVE COALITION STRAINS

Willoch Under Pressure

Oslo ARBEIDERBLADET in Norwegian 27 Jan 86 p 4

[Editorial: "Willoch's Slant"]

[Text] There was broad television coverage Saturday of Prime Minister Kare Willoch's speech to the annual meeting of the Oslo Conservatives. In the prime minister's eyes the Norwegian Broadcasting Corporation [NRK] fully measured up on this occasion to the news program in Kuala Lumpur, Willoch's favorite TV station ever since the coverage it gave of his recent visit to Malaysia. Even though Willoch was given free rein and no one refuted his remarks Saturday night on either the regular news or the evening news, we will not criticize NRK Television for this Conservative-slanted political presentation in prime viewing time. When the prime minister of this country makes a speech as demagogic in form and content as he did at the annual meeting of the Oslo Conservatives, it is the kind of media event that NRK has an obligation to broadcast to all of us. From our point of view it is a big advantage that Norwegian men and women gathered for a pleasant evening in front of the TV set on Saturday evening had a chance to see the prime minister showing his true colors. It must have made many people stop and think.

In Saturday's speech the prime minister used the recent drop in oil prices as a springboard for senseless attacks on workers' demands prior to this spring's income settlements and on the Labor Party's election campaign last fall. The prime minister is still hunting for scapegoats that can explain his and the Conservative Party's poor election showing.

The first thing that can be said about the drop in oil prices is that it is impossible to say in late January what the price level will be in the year ahead of us. It came as no surprise that oil prices fell somewhat; everyone with any familiarity with the subject had been predicting it. But one can criticize the government, and especially the oil and energy minister, for having pursued a provocative line with regard to OPEC. With a smarter attitude Norway could have helped prevent the price decline from being as big as it has been so far. And finally it is improper of the prime minister to talk about the negative effects of the drop in oil prices--which of course

everyone takes seriously--without at the same time mentioning the positive impact that lower oil prices have on a large part of the Norwegian business sector.

We clearly see that the national economy calls for moderate wage settlements in the spring. But this is not due primarily to declining oil revenues. It is due to a much larger extent to the fact that the private sector's competitiveness has declined year after year ever since Kare Willoch took office as prime minister and Rolf Presthus became finance minister in 1981. The philosophy that tax relief would lead to lower wage increases has not worked out either. However contracts have become much less socially oriented. The situation now demands moderate settlements with a more social profile.

With his usual contempt for the precise meaning of words, the prime minister said that the Labor Party's campaign promises last fall were reckless and unrestrained with regard to the use of oil revenue. This has no foundation in fact either. The Labor Party never promised to use more of the oil money than has been spent under the auspices of the Willoch government. While the Labor Party wanted to use the money for investment, research and the development of a business sector that could stand firmly on its own feet, independent of oil revenues, a largely unnecessary consumption of luxury items has flourished as a result of the government's loss of control over credit policy. But because that is the responsibility of Prime Minister Willoch to a large extent it was not mentioned in Saturday's speech. The only time the prime minister mentions responsibility is when he is trying to push it over on someone else. But he is an expert at doing that.

'Danger' From Center Party

Oslo AFTENPOSTEN in Norwegian 11 Feb 86 p 2

[Editorial: "Joint Responsibility"]

[Text] The Willoch government's policy is the joint responsibility of the three coalition parties. They are three independent parties but it is a goal in itself to find forms of coexistence that can guarantee the continuation of nonsocialist rule. There will always be differences of opinion. The Conservative Party, to take one example, will have fundamentally different views on important issues in comparison to the Center Party. It goes without saying that each of the three parties has the right to promote its own views.

But the government for its part must discover compromises that all the participating parties can agree on and defend in Storting as well as in dealing with public opinion. Against this background it seems meaningless to us to call for the departure of specific cabinet ministers. People should also be careful about defining their own profile at the expense of coalition partners on issues that directly affect cooperation and those where it is obvious that there are divided opinions. That should be the first rule of life for the coalition. In such cases it should be natural to initiate consultations rather than write letters.

When representatives of the Center Party feel they can say on point after point that "the policies of the Willoch government are directly contrary to what the Center Party stands for," there is danger in the air. We will not deny that Center Party county organizations in Hedmark, Oppland, Telemark and Nordland have a right to demand a more active district policy. But when the Telemark branch of the Center Party draws the conclusion that "the Center Party cannot go on for long supporting a development that leads to the impoverishment of local districts," it is turning the issue upside down.

The same thing applies to the demand of the Hedmark branch of the Center Party that Municipal Affairs Minister Arne Rettedal be replaced with a Center Party cabinet minister. To the extent that the government's district policy has not produced the desired results, criticism must be directed against the entire government. Opponents can, as Ragnhild Q. Haarstad did last Sunday, call for a "complete change in the Willoch government's policy." But the criticism should be addressed primarily to the party's own government members. They cannot evade their responsibility.

Although we personally see a nonsocialist government as an overriding goal, we reserve the right to note what should be essential for a nonsocialist government and express our view on how cooperation should work. We have no doubt that most nonsocialist voters agree with us when we underline the necessity of arriving at adequate forms for cooperation and coexistence on the part of the three coalition parties.

We are not blind to the fact that in making critical comments on the recurring moves made by opposing forces we risk stepping on some sensitive toes. But political circles, including our press colleagues, must accept the fact that a newspaper also has a right and an obligation to have opinions. We will continue to fight for what we think is right and proper. No one is served by pretending that the opposing forces that have surfaced at various annual meetings of Center Party county organizations do not exist.

Center Party in Decline

Oslo AFTENPOSTEN in Norwegian 6 Feb 86 p 3

[Text] There is no doubt that the situation is serious for the Center Party. It is a small party in full retreat. That is how Bjorn Balstad of Gallup/Norwegian Opinion Institute [NOI] characterized the situation for the smallest of the three government parties. And Balstad also stressed that unrest and inner disagreement always have a negative impact on opinion polls, regardless of the party involved.

The head of Gallup/NOI is not concerned with the precise percentage points in the opinion polls through the years. This is not what counts. But over recent months the barometer has shown a level for the Center Party that has declined to somewhere between 5 and 6 percent. In the last Gallup/NOI/AFTENPOSTEN barometer reading the figure was 4.8 percent, a level of voter support that even if it expressed a random variation in this one poll still indicates a cause for concern with regard to the party's situation.

"The Center Party did well in the election and held its position for a month after that. But since then it has been going downhill, no doubt about it," Bjorn Balstad said. He has no doubt that the main reason for the Center Party's problems is internal unrest.

"As long as I have been working with opinion polls--and it has been 40 years now--it has never failed to have an impact on the polls if there have been disagreements or unrest within a party. This unrest, or the gap between top and bottom, to put it another way, is greater in the Center Party today than in any of the other parties. That has an effect.

"And," Balstad added, "Johan J. Jakobsen is well aware of the unrest that exists. I am just pointing out that unrest of this kind will always be reflected in opinion polls."

From 6.6 to 4.8 Percent

In the Storting election last fall the Center Party received 6.6 percent of the votes cast--close to 170,000 votes. The October political barometer from Gallup/NOI gave the Center Party a rating of 6.8 percent, after which it went to 6.5 in November, 5.8 in December and 4.8 percent in the January barometer from Gallup/NOI.

6578

CS0: 3639/75

POLITICAL

NORWAY

GOVERNMENT SETS OUT STRATEGY FOR DOMESTIC POLICY

Oslo AFTENPOSTEN in Norwegian 1 Feb 86 p 3

[Article by Lars Hellberg: "Government Takes Offensive"]

[Text] An even greater emphasis in the health and social welfare sector, combined with moderation in nearly all other areas, and "accomplishment-conducive measures" (tax reductions). In a nutshell, this is the strategy of the Willoch government for further advancement of the welfare society in a situation where lost oil income weakens our freedom of choice. The first, and possibly decisive, test will be the spring's income adjustment.

The slogan "growth and defense" is more pertinent than ever before. Things are rather quiet as respects those "who knew what he was up to" when Finance Minister Rolf Presthus even before the election suggested a decline in oil income. The assertion that "we have enough money" for both growth and defense is no longer believable, if it ever was. The government, for its part, has reached the conclusion that it will be necessary to choose between difficult priorities and there is no doubt about what will receive the highest priority.

Care of the Elderly

"I don't know the government if it is not going to be the health and social welfare sector," Presthus said prior to the budget conference in Randsvangen. As usual, he knew what he was talking about. The all-out effort is being made in the area of care for the elderly, where the long-term goal is to improve living conditions and the availability of services, with a view to reducing the need for institutional spaces. Social Welfare Minister Leif Arne Heloe is in the process of working out a national health plan.

Being More Careful

But if the objectives in this and other areas are achieved, we all had better be more careful. The politicians and organizations will have to rid themselves of their expensive fads. We will have to cut our coat according to the available material. But above all, the government will have to prepare an accomplishment-conducive tax policy which will contribute to new growth in Norwegian industry. This is necessary if we are to be able to get through the strains which the decline in oil income is going to cause us.

The starting point for the strategy which the government has prepared is that half of the projected increase in expenditures over the long-term period up to 1989 will already be used up at the end of 1986. The economic situation requires pronounced moderation and the setting of strong priorities in our finance policies. But at the same time, the government must recognize that far from everyone acknowledges these actual conditions. There is a need for improved information concerning the limits respecting economic policy.

Credibility

To a great extent, it is an issue of credibility. The government must carry out a policy in a concrete manner which is consistent with the general guidelines on which the policy is based. Otherwise we will march right to the edge of the bottomless pit, and we are not talking about travelling first class.

The decline in oil income limits the government's freedom of action, but initially, people will feel only the positive effects. The decline in the price of oil will result in the majority of us having more spending money. The government's problem is how to convince people that it is necessary to use moderation in a situation where there is no evidence of any crisis as a focal point. In crude terms, one could say that we need to tighten our belts at the same time that we are gaining weight.

Understanding

On the positive side, the government can take note that it ought to be easier to have an understanding of the necessity for taking care of the well-being which everyone can see and enjoy. It is possible that the voters will understand the seriousness sooner than either the opposition in Parliament and organizations do so--as a prominent government spokesman put it the other day.

The main theme of the government's strategy is based on expanding the welfare state and organizing society better. Improved quality and a renewal of the school system will play a central role in the months and years to come. Starting with a revised master plan, basic and important subjects will be emphasized, while optional subjects will be limited of natural necessity. Young people will be given the education which will be required and which they will be able to use in a business world which has a need for them.

Transportation

A more effective transportation system also stands high on the priority list. The most important buzzwords: clarification of the issue concerning a main airport for the Ostland area, liberalizing the air transport concession policy, and expanding major highways in the Oslo area. These involve problems of enormous significance in connection with potentials for industrial expansion.

There also is reason to expect that the government will go on the offensive to ensure increased competition in the telecommunications and postal areas and regarding the increased use of private services generally. Deregulation in the area of personal transportation, special taxi services, and the sale of publicly-held interests in Linjegods and Narvesen also are among the issues which the government will propose.

From experience, returning functions to the private sector is one of the coalition's best cards. Experiments with more flexible and convenient business hours for selected public institutions will be given priority.

Tax Reforms

There also is reason to expect that the coalition will take a stand in favor of necessary tax reforms, with stimulation for increased productivity being a primary element. On the expenditures side, there will be emphasis on giving more effective support to basic industries. There will be increased emphasis on general support to districts instead of support for specialized industries.

Self-Irony

Self-irony is a necessary character trait in political activity--not the least when there are increasing snags. There are many in the governing elite who are well-equipped in this regard. By way of illustration, let me simply repeat one of the responses I received to a request for assistance in describing the government's strategy: "There must be a lot of space between the lines."

Modesty is a well-known virtue. But there are limits. The government itself is completely convinced that it must take the offensive. Unless it decides the political agenda along with the three parliamentary groups, it will be finished. As Prime Minister Kare Willoch pointed out during an interview with AFTENPOSTEN prior to Christmas, a government has an independent responsibility. No one ought doubt that the prime minister has greater objectives than administering haphazard decisions from a shifting parliamentary majority.

Better Contact

The relationship between the government which cooperates is better than even the wildest optimists had dared to think. There is a tendency at first for the center-party groups to interpret every proposal from the governing coalition as the starting point for a discussion about new compromises. A primary objective is "to improve" the government's proposal.

Things cannot continue in this fashion. In the ruling circles, all proposals for improved contact between the two power centers therefore are received with alarm. In the future, the rule should be as follows: "When the government and the department heads understand that political problems can arise, the first effort must be to clarify the proposals for the parliamentary delegation well in advance. Nothing should be left to chance."

As the Christian Democratic parliamentary leader Harald Synnes put it a couple of days ago, considerable irritation and wear-and-tear can be avoided if group leaders are involved in the decision-making process early on. The same is true, although in a slightly differ fashion, with respect to Carl I. Hagen and the Progress Party.

Without the Host?

As respects the fourth party which is included in the government's parliamentary foundation, the coalition does not have any clear plans. It is counting somewhat on the fact that when Hagen "no longer can play with fictitious cut-backs as a justification for his proposals on increased expenditures," perhaps he will find "his natural place," and as a by-product, vote for the government's proposal. It is possible that a government which otherwise is inclined to choose the political agenda and plan the future, will do so without its host.

12578

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POLITICAL

PORTUGAL

HISTORICAL ROLE, FUTURE PROSPECTS OF EANES DISCUSSED

Errors Committed

Lisbon EXPRESSO in Portuguese 18 Jan 86 p 8

[Article by Maria Belo: "The Destiny of Eanes"]

[Excerpts] Ramalho Eanes is not a politician by training and perhaps not even by vocation. It would be more reasonable to agree that he is a politician by accident, an individual who appeared on the historical scene at a complex moment when many alternative lines intersected, at which time he became the temporary synthesis.

Ten years have passed since that singular moment. Ramalho Eanes and his two presidencies cannot be separated from his successes and his failures in these 10 years. It will not be possible to build our future securely as if this past had not existed, nor would it even be wise to try. The last time this error was committed, in 1974, the calm which would have allowed us to profit from the opportunities which were created then was lost in an excess of euphoria. The example of Spain, faced with a similar historical problem, shows us what we lost with our seeming originality.

It is easy to conceive of a future without Eanes. There is at least one candidate and one presidential program of high enough quality to guarantee democratic continuity under conditions of social advance and democratic development. But it would be dangerous to pursue that future in opposition to Eanes, after reducing him to a mere agent of a personal project lacking grandeur or political dignity, appearing in the end as a minor force supporting the proposal of those who were always, consistently and objectively, his adversaries.

The political actions of Eanes cannot be interpreted now in the light of his last steps, as if he had since the beginning worked to block opportunities and development, to keep unviable situations unchanged and to demonstrate that pluralistic democracy would not be a possibility in Portugal.

The Paradoxical Trap

As has happened many times, good intentions have in the end led to bad actions. The political prestige of Eanes, won and accumulated in successive battles,

has now been invested in a dynamics he cannot control, and if success were achieved, this would destroy the political sector of Portuguese society and thus the possibility of a national program of recovery and development.

Eanes must not win now, because his victory would mean the defeat of all. But he must not lose, because his defeat would not mean victory for anyone. Portuguese democracy must not make of Eanes a second Costa Gomes.

It is not difficult to understand what has happened. At the end of his second term, Eanes sought to establish a bridge and the conditions for political continuity. If he had succeeded, this would have been positive. Unfortunately, he committed two errors. One was an error in timing, allowing a party relying on his name to appear to distort the interpretation of his decisions and intentions, bringing down in a single stroke the ethical base which took years to build. And there was an error of analysis, with the belief that the need to block the electoral possibilities of Pentasilgo and Amaral required the nomination of a separate candidate which, by definition due to the electoral distribution in Portugal, would only be possible with the basic, specific and eternally unchallengeable support of the Central Committee of the PCP [Portuguese Communist Party].

It was these two errors, in time and analysis, which allowed the extraordinary step, attempted in Portugal for the first time, of limiting the application of the term democratic parties to the PCP, the MDP [Portuguese Democratic Movement] and the PRD [Democratic Renewal Party]. What this shows and proclaims is so obvious that no comment is needed. There is no continuity between this step and the political actions of Eanes as president of the republic. Will he agree to this as a statement of his future actions as a political leader?

What is at issue in this trap into which he has allowed himself to fall is not merely a matter of consistency with his past actions and with his voters, nor an analytical matter involving his errors in time and analysis. What is at issue in this trap is what the goal of those who created it will be--it is the inevitable and inherent indication of what, beginning now, the code for the interpretation of the political actions of Eanes will be.

Sense of Urgency

As a citizen, the outgoing president of the republic has every right to his choices. As the president of the republic ending his term of office, this citizen has strict duties to the democratic community, among other things because he knows without a shadow of a doubt that his prestige is needed for many future situations and for possible developments which must be taken into account.

I am not undertaking to analyze here the strategy of intervention in the presidential elections with which Eanes has allowed himself to be associated. What it is important to me to emphasize is the need for Eanes to avoid slipping into this catastrophic situation into which he could drag much more than himself. He would be taking with him not only the institutional

prestige, which would thus be marked, as was the case during the First Republic, by the idea of tolerance of the widest variety of political ventures, but also the very notion of consistency and politics itself.

The best and most essential hope is that Eanes avoids all this, to the surprise of all those who believe in his fidelity to the values of pluralistic democracy without temporary deviation.

If this is no longer possible, if the sense of urgency has not already been felt, we will all have to interpret the extent of the error which will be made, with all its consequences.

Future Candidacy

Lisbon O DIABO in Portuguese 14 Jan 86 p 8

[Article by Norberto de Andrade: "The 'Threat' of a President-King"]

[Text] General Ramalho Eanes, who for 10 years was unable to become the president of all the Portuguese people (because he did not want to, could not, or even because if he wanted to, he could not have), but who succeeded in less than 3 months in asserting himself as the president of all the Zenhas, has said that if the next president of the republic conducts himself "properly," he does not intend to run for the presidency in 1990. Logically, then, if the next president does not "conduct himself properly," General Eanes will consider the possibility of trying for his third presidential term in 5 years time.

He himself stated this to journalists, prior to the luncheon which, on the pretext of commemorating his reelection, served basically and solely to give public support to Doctor Salgado Zenha, an associate of the president and the advocate to whom that phantasmagoric troglodyte, Veloso, entrusted the task of sponsoring the interests of the PC [Communist Party].

General Ramalho Eanes never ceases to try to surprise the country which, to speak the truth, has little reason to be surprised by anything at all. Especially by General Eanes.

For years on end now, a certain number of individuals--subservient, opportunistic, with evil intent or simply prankish, or all the above--have gone about convincing General Ramalho Eanes that he was providential and irreplaceable, and he ended up believing that he was, and naturally he decided to remain in the presidency. Since because of constitutional limitations he cannot continue in the Belem post himself, he decided to attempt to retain power by interposing Zenha, who would serve for 5 years as the regent (not an agriculturalist, this time) for the Alcains dynasty.

The "threat" of a return in 1990 is an exercise in Sebastianism in the short run, and must be viewed in the light of this dynastic intent. When General Eanes refers to the possibility that his successor might not "conduct himself properly," he obviously is not thinking of Dr. Salgado Zenha, because he, as his "alter ego," would behave "very properly," to the point

that it would be only minimally noticeable that General Eanes had stepped down. What does it matter to the dynastic program whether General Salgado Eanes or the civilian Ramalho Zenha is in office? The complete identification of goals, resources and support, and the dotting admiration they voice for each other make it certain that nothing basic will change in Belem, only that necessary so that all can remain the same.

In speaking of the possibility that the next president of the republic might not conduct himself "properly," General Eanes has in mind Professor Freitas do Amaral or Dr Mario Soares (Engineer Pintasilgo is not likely to appear in the General's possible scenarios, because if this had been the case, he would probably have supported her at the proper time). Since in the General's view, Dr Mario Soares, and more importantly, Professor Freitas do Amaral, would behave very "improperly" in the presidency (for years now we have known what "proper" means in the Eanist vocabulary), the election of either of them would represent a perilous interregnum in the development of the dynasty, which it would be urgent to bring to an end as soon as possible.

The message is clear. Either Ramalho Eanes will continue in the Belem post under the pseudonym Salgado Zenha, and, given this hypothesis, the administrator of the General's affairs might aspire to a second term, or he will be replaced by Freitas do Amaral or Mario Soares (the "candidates of the right," to use the PC-PRD phrase), and then the General would reappear in 1990, astride his lanky Ribatejo mount, to resume the throne which belongs to him by right (divine, presumably), on which he will not be replaced by his son only because a killjoy constitution, not content with prohibiting reelection a second time, does not permit the election of those under 35 years of age.

What impresses one most about General Ramalho Eanes is the tremendous speed with which he reveals himself. He has never succeeded very well in concealing his inexplicable ambition, but recently he has outdone himself, completely losing any sense of measure and appropriateness, and the very concept of modesty in politics itself.

As the worst kind of blindness is the unwillingness to see, those who still have doubts about what General Ramalho Eanes wants and how far he is capable of going will never succeed in understanding all the very serious dangers which underlie the candidacy of Dr Selgado Zenha. And Eanes' plan to run for office again in 1990.

5157

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POLITICAL

SWEDEN

TOUGHER TONE DISCERNED IN FOREIGN AFFAIRS, SECURITY DEBATE

Stockholm DAGENS NYHETER in Swedish 10 Feb 86 p 2

[Editorial: "Sweden Makes Abrupt Turn"]

[Text] While Olof Palme prepares for his trip to Moscow the atmosphere is being intensified in his direction in the country. Several aspects of the security policy debate are marked by an international harsh and shrill tone. And the current conflict is not just party-political bickering about procedures between the prime minister and the Conservatives.

Both of these main Swedish foreign policy antagonists have remained outside of two arguments which arose in January.

The first was begun by Ambassador Sverker Astrom when he claimed in SVENSKA DAGBLADET that Liberal Party leader Bengt Westerberg had, in a couple of speeches, made an "extreme statement" to the effect that peace was at risk unless there is a democratic development in the East. The second debate was started by Navy Captain Hans von Hofsten who, in DAGENS NYHETER described an alarming picture of Soviet preparations for war in our country.

The silence in the leading Social Democrat and Conservative quarters is not the only thing which makes these debates noteworthy. Both Westerberg and von Hofsten have been sharply criticized in the Moscow press, the latter in a characteristically nasty way with a charge of mental illness. The most interesting feature of the two debates is that so many of the inputs lack any reference to what is happening on the main political stage--between the United States and the Soviet Union.

What Sverker Astrom was opposed to was Westerberg's statement that "nothing would do more for a real peace than if the communist regime in the Soviet Union were replaced by a democratic regime." He [Astrom] believes that "it would be proper if Sweden were the only country with a Western democratic system which is adhering to a purely ideological perspective in a world situation which requires common efforts by all countries to reduce the risks of war."

For his objections--and primarily for an unfortunate reference to the Helsinki document on cooperation and security in Europe--Astrom has since been criticized. Westerberg, a little unnecessarily, said that he was "sent forth

by Palme." Others spoke of his being "ensnared," "hypocritical," and "polluting the atmosphere."

Astrom says that he was alluding to Palme, among others, when he mentioned "insults and exaggerations" in the debate. He stubbornly insists, however, that Westerberg advocated "the overthrow of the communist regime in the Soviet Union," an assertion which Westerberg can easily reject.

The problem with Westerberg's reasonable position is that it resembles that of cold warriors in the West when they try to stop the relaxation of tensions and disarmament efforts. How Westerberg wants his picture of the Soviets to be interpreted is obviously interesting, considering that he is the leader of a successful opposition party and must be considered as a possible future prime minister.

The von Hofsten debate of course illuminates another problem entirely--the reaction of public servants to the politicians' way of managing security questions.

When three out of four regimental commanders and flotilla commanders agree with an Army officer's assertion that our ability to manage our security policy is beginning to deteriorate, this is naturally partly a cry for more money for the defense forces. Their thesis is that the Soviets are preparing for war within Sweden--"anything else would be an oversight in the discharge of their duties." The risk of an isolated attack against us "one Christmas Eve" is emphasized. But the question of whether the threat of war really has grown is not discussed.

When Carl Tham criticizes the officers for being out of step with international developments he is reflecting an irritation within the government and the foreign ministry leadership. Tham is surprised that the officers' "foolishness" is respectfully received by the nonsocialist press, and with careful mutterings by the social democratic press. Very correctly the defense minister said that it is "good" that the officers express their views and his undersecretary speaks openly of a "serious defense discussion."

Tham is especially concerned that the officers are only discussing the threat from the Soviet Union, when obviously both superpowers are making their moves and countermoves. The question then becomes what different conclusions the foreign ministry would produce, with its well-considered analyses, threat pictures and tension-reducing measures.

Shrill and narrowminded offerings are certainly a problem before Palme's trip--but so are the indications that Sweden is still exposed to submarine violations.

9287

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MILITARY

EUROPEAN AFFAIRS

ADVANCED AIR DEFENSE SYSTEMS EXHIBITED AT NATO CONFERENCE

Bonn WEHRTECHNIK in German Dec 85 pp 62-66

[Article by Wolfgang Flume: "NATO Air Defense--Conference and Exhibition in Fuerstenfeldbruck"]

[Text] Twice a year a conference of the NATO Air Defense Committee (NADC) takes place, normally in Brussels. It was thus one of the rare exceptions that high-ranking officers from the NATO states, led by the deputy secretary general of NATO and NADC chairman, Ambassador Da Rin, this time met for their conference from 23 to 26 September 1985 at the air base Fuerstenfeldbruck. But even more remarkable: With the support of the Luftwaffe, the German industry had the opportunity to display to interested NATO observers air defense systems and equipment planned, under development, or in production.

Similar "notions" of inviting the NATO Air Defence Committee and showing its members weapons systems were already entertained by the British and the French, who had asked the NADC to come to London on the occasion of the air show in Farnborough, and to Paris--naturally in conjunction with the Aero Salon. Then, at this year's Aero Salon, the suggestion was made by the BDLI [Bundesverband der deutschen Luft-und Raumfahrt-Industrie--Federal Agency of the German Aeronautics and Space Industry] to give the high-ranking NATO officers an overview of several projects of German industry on the occasion of a conference in Germany. The Luftwaffe picked up on the suggestion: As the host of the NADC conference from 23 to 26 September 1985 in Fuerstenfeldbruck, it portrayed, together with the armament department and German industry, how German air defense planning is put into practice. Only selected air defense systems and associated control systems were shown--not shown, for example, was PATRIOT, since it is not yet with the Luftwaffe, and likewise not HAWK, the system which in the opinion of the Luftwaffe must absolutely be replaced by the end of the millenium. Thus the systems set up in and in front of a hangar in Fuerstenfeldbruck ranged from the 20mm AA gun to the NATO AWACS system that was procured with German participation, from a model of the Fighter Aircraft 90 to the F-4F fighter and models of the components selected for upgrading its combat effectiveness.

It should be noted that this conference of the NATO Air Defence Committee, the deputy chairman of which is Luftwaffe Major General Bahnemann, could not have taken place without the active support of the German industry--not only the directly involved German aeronautics and electronics industry, but also other

firms such as BMW, which made several automobiles available, for example. And Bavaria herself put her best foot forward with a radiant white and blue sky, and many a NATO officer will probably not soon forget the Oktoberfest [in Munich].

The effort expended to prepare the exhibit, which was visited for circa 2 hours by the approximately 80 participants of the conference, was also very high. A pity, only, that an organized tour by the officers and officials, perhaps in one or two groups with an official guide, was not arranged. As a result, everyone gravitated toward whatever interested him--without necessarily gaining a good overview in the process, however. The "freedom" was very much welcomed by the participants, however.

The Exhibition

Krauss-Maffei showed the second prototype of the light air defense system WILDCAT, a joint development of that firm together with Signaal and Siemens, and with the participation of Mauser, Heckler & Koch, KUKA and AEG. This new turret with a race ring diameter of 2.2 m is designed for a 2-man crew and can thus be used with all wheeled and tracked vehicles which normally accommodate the crew--except for the driver--in the turret. The turret was shown on a MOWAG SHARK 8x8 chassis--this was done to show that the most diverse chassis can be used for WILDCAT. The turret is supposed to be completely checked out by the middle of next year. It again has two 30mm guns made by Mauser, but this time with a beltless ammunition feed system developed by Western Design/Heckler & Koch. The search radar stems from Siemens. Signaal is responsible for the optical fire control facility. This consists, among other things, of a digital computer by Signaal, a thermal imager from Philips Usfa as well as a laser range finder from Ericsson.

Also shown was a model of the crew compartment trainer designed for WILDCAT. The simulator, which weighs 320 kg, serves for training of the crew and can simulate the air surveillance radar, the optical target tracking via a CGI visual system, movements by the target and the carrier vehicle, and environmental conditions. For evaluation purposes, the reactions of the students are recorded.

Siemens called attention to its many air defense-related activities--shown was the BCP being offered as the air defense command post ROLAND (FGR) with an integrated DR-641 radar, as well as the mobile L-band air surveillance radar DR-151 with a range of 45 km, which could be used, for example, in an air defense system against low-flying aircraft. It can be set up in about 2 hours. Up to eight of these radars can relay their radar displays to a center--a Control and Reporting Center (CRC)--where the synthesized air situation is displayed on four consoles.

Intended especially for ROLAND is the ROLAND Coordination Center (RCC) by Euro-missile, which was previously presented in WEHRTECHNIK 10 and was shown in Fuerstenfeldbruck, and directly next to it stood a prototype of the wheeled ROLAND intended for the Luftwaffe. The production model of this ROLAND will also have only two launch-ready missiles on the fully traversable turret atop the shelter. One RCC, the design of which was to a considerable extent influenced by Thomson-CSF, can coordinate up to ten ROLAND and five tube weapons

systems simultaneously--if necessary, the capacity can be expanded up to 40 weapons systems. The RCC shown in Fuerstenfeldbruck was contained in a trailer-transported shelter, the version being offered as FGR can be transported on MAN 10 ton gl trucks.

AEG exhibited--with a crew from the air defense school in Rendsburg--the TRMS air surveillance radar with unidimensional phase-guided antenna. This C-band 3-D radar, depending on its design, has a detection range of between 50 and 200 km with an elevation coverage up to 6 or 30 km. Antenna and evaluation vehicle are linked by a 300 m long cable.

AEG wants to continue the modern radar technology created by the TRMS in a family of products (C-band line), which, among others, includes the following radars:

--TRM-L. 2-D radar for installation defense

--TRM-A. #D radar with biaxial phased-array antenna for artillery observation

--TRS-S. 3-D multifunction radar for use on ships

--TRS-C. 2-D search radar, also for use on ships.

Also mentioned by AEG was BLAST (Boden-/Luft-Akquisitions- und Stoersystem) [Air/Ground Acquisition and Jamming System], a mobile tactical electronic warfare system for monitoring the frequency spectrum and active jamming, e.g. of enemy airborne/shipborne and surveillance radars.

The working group for medium air defense missile system [Mittleres FlaRak System--MFS] (AEG, MBB and Siemens), by means of visual displays and several older test components such as a 1 kW phased-array radar antenna and a missile radar homing head, called attention to the suggestion for a successful to HAWK. A period of 13 years is estimated for development (from the time of the tactical requirement to its introduction). A firing unit of the MFS includes a fire control point, a multifunction radar, and six launchers up to 5 km away with a total of 36 to 54 missiles.

Exhibited for the first time was the ground launch equipment for the SIDEWINDER AIM-9L missile, based on a proposal by the firm BGT and now carried as equipment under development. Following the tendering of bids, KUKA was awarded the contract for development, which comprises the construction and testing of three prototypes. The four missiles are situated on the familiar single launch rails LAU-7/A-05, which are vertically adjustable and attached to a traversable mount. Target detection and tracking are accomplished with a TV camera on the launcher. The operator sits to the side in front of a TV screen and controls the completely traversable launcher by means of a small control column until the IR seeker head of the missile has locked in on the target. Testing is to begin in mid-1986; the introduction of a larger number of systems into the Luftwaffe for point defense, to supplement the ROLAND system, is planned for 1987. The missile launcher can also be used for the new air-to-air missile ASRAAM, being

developed by the British and the Germans, to which BGT, the German firm involved in the development, also called attention. This very simply designed equipment, which is transported by a two-wheeled trailer--similar to the way the 20mm AA gun is transported--(the trailer also carries the power generating equipment), is also considered by the firms to have certain export possibilities, especially to countries using the SIDEWINDER as an AAM. This is not the first use of SIDEWINDER for air defense purposes; the American CHAPPARAL system is similarly configured.

KUKA Wehrtechnik [KUKA Military Technology] also called attention to the development and production of turrets for armored vehicles, including, among others, the one-man turret F-5 for 20 (or 25) mm automatic cannons on a transport tank 1 FUCHS. This combination, together with other systems (including the KUKA turret 605 with 12.7mm machine gun), also some from other NATO states, was tested in Putlos for explosive ordnance disposal (EOD) purposes on airfields. Mines lying on the runway, for example, had to be quickly and precisely destroyed or neutralized by automatic cannon fire. This is important so that airfields can be quickly made operational again following an air attack, and so as not to endanger runway repair crews through undetonated bombs or mines.

Contraves exhibited the low-flying aircraft defense system SKYGUARD. It is being offered, among other things, to naval aviation as a successor to the obsolete fire control system being used with the 40mm AA guns assigned to naval air bases. In addition, Contraves showed one of the two SKYGUARD low-flying aircraft acquisition systems purchased by the Luftwaffe, identifiable by the TV "cannon" next to the pulse Doppler target tracking radar antenna. With this TV camera, 30 cm high numbers or letters on aircraft can still be made out at a distance of 6 km. Also belonging to a SKYGUARD low-flying aircraft surveillance system is a truck-transportable evaluation van.

The exhibited AWACS aircraft was naturally also the object of considerable interest. Those responsible for the international AWACS program are very satisfied with the way the program is running; indeed, it was even possible to realize a saving of funds, which can now be used for a number of minor measures designed to increase combat effectiveness. The German industry, as well, should be more than satisfied with the program, since more compensation will probably go to German industry than the FRG's share of the funding of the AWACS would warrant.

MBB--more in the form of models, visual aids and brochures than as hardware--presented its activities with respect to combat effectiveness upgrading of the F-4F and development of the Fighter Aircraft 90. Since many combat effectiveness up-grading measures relate to avionics, a special rig just for avionics testing was developed.

In the open area, in front of an F-4F, those modules were exhibited which already now have been selected for combat effectiveness upgrading. This includes the laser gyroscope navigation system H-423 from Honeywell with a laser gyroscope developed in the United States, which is to be replaced as soon as possible by a laser gyroscope developed by Honeywell Sondertechnik [Honeywell

Special Technology] in Maintal. Also selected were the digital air data computer GEC Marconi CPU-143/A, the mission computer LR-1432 from LITEF (the same computer is also installed in the TORNADO), the airborne radar Hughes AN/APG-65 (GY), as well as the eject launcher for the radar-guided ASRAAM missile from Frazer Nash. This equipment makes it possible to mount the four missiles of the F-4F very closer to the fuselage; at launch the missile is moved away from the fuselage by two gas-actuated pistons, so that the exhaust of the missile engine does not damage the airframe. In addition, this suspension of the missiles offers less resistance and makes the pylons previously used available for other weapons. This missile mount is a further development of a similar launcher for the likewise radar-guided SKYFLASH of the TORNADO of the RAF.

12689/7051

CSO: 3620/204

MILITARY

EUROPEAN AFFAIRS

NBC DEFENSE EQUIPMENT DEMONSTRATED AT TRAINING EXERCISE

Bonn WEHRTECHNIK in German Oct 85 pp 70-71

[Article signed 'wi': "Yellow Cloud '85"]

[Text] The Swabian Jura showed itself at its best; which means: the weather was this way and that. The Middle Army Group (CENTAG) had summoned the nations which are represented in its sector to Stetten at the cold market place for the "Yellow Cloud '85" defense exercise. But even the French, who are constantly represented in Stetten by a troop training garrison headquarters and various units, participated. The Italians were represented by observers since the array of NBC defense means and decontamination devices was diverse and interesting. In addition to the military personnel, however, the disaster protection school of the state of Baden-Wuerttemberg and the Alfred Kaercher firm from Winnenden, which is the leading one in the decontamination sector, was also fully involved in word and deed.

But first the "war" took place in the assembly hall. The French made a presentation about their own developments and processes in detecting chemical agents and detoxifying them. Of similar interest were the explanations which were given by the representatives of the disaster protection school concerning the use of NBC defense agents in the civilian sector. Anyone who thought that nothing was going on in the civilian sector in respect to NBC defense was set straight. The Kaercher firm which was mentioned above presented its most recent developments in the decontamination sector. It was far more than just polite interest which the audience gave the Kaercher products.

Canada emphasized in particular the soldier's defensive measures. Although all the countries exhibited almost identical equipment items, the attentive observer could nevertheless identify the famous fine differences. This was especially apparent here in the items which in general are small and unwieldy, especially if it is kept in mind under what outward circumstances they are to be used. The detection agents are not only those which are brought out in the open in large quantities. Practical handling with heavy gloves determines usefulness. In this the Canadians were best equipped.

The French soldiers appeared like creatures from a different star; they made a strange impression under their protective suits with the pointed cowls. But here, too, as elsewhere, personal protection will be fully guaranteed. The admission that in spite of good protection the equipment should not be worn for too long a time does not reflect anything special. All protective suits which have been developed by the different countries have this drawback. In addition to the otherwise usual detection devices for NBC agents the French showed the prototype of a new NBC protective mask. The French army is soon to be equipped with it. Better vision and identification is supposed to be possible with it. It has a microphone, a new filter for easier breathing; it is lighter, and it is supposed to be possible to eat with it on.

On the German side, basically only the same and similar equipment items and detection agents were also shown, such as those that are also in use elsewhere. Nonetheless, in this instance the FUCHS detection tank with its comprehensive operational capabilities stood out. The Sonthofen NBC defense school has created something really impressive with this vehicle. The large equipment which is operated by four soldiers not only helps in local detection of poisoned, contaminated or radioactive terrain, it also has transmission capabilities which make it possible for the higher command to coordinate more purposefully NBC defense measures. Naturally the NBC defense company showed its entire line of equipment.

The U.S. equipment was introduced by the 11th Chemical Company of the U.S. Army in Europe. Here, too, there was nothing exceptional to be seen. Which in this case says nothing about practicability or effectiveness of the agents and equipment. On the contrary, it became more than clear that in the NBC defense sector almost everything is compatible.

The equipment which was exhibited by the Baden-Wuerttemberg disaster protection school was very similar to the military equipment. In this case the emphasis was clearly in the decontamination and mobility sectors.

Kaercher showed its decojet-trailer for comprehensive decontamination of material, people and equipment. The second day was out in the field. Here the different countries showed the practical operation of the existing NBC defense means. The French showed the detoxification of an area after a chemical attack by a helicopter. As in the case of use against a horde of insects or for other necessities the decontamination agent was sprayed using booms.

The Americans showed decontamination in stages from vehicles.

The Germans had used a small combat situation as a basis for their demonstration. After an armored column had been surprised by a spray attack from the air, the FUCHS detection tank was called upon. It took samples of the soil and marked off the boundaries of the poisoned area.

The armored column first went into a holding area from which then later the tanks were called upon in pairs for decontamination. The evaluation of the situation in this case was based on the fact that the personnel had not been injured because during the attack excess pressure had been immediately created inside the tanks.

Finally, Kaercher also presented its decojet-trailer with the available modules. In this case not only the tanks, but also the tank crews were poisoned. Everything was presented in a genuinely real way, the soldiers were permitted to keep only their bathing suits on. The simultaneous decontamination of people and equipment produced visible saving of time.

The NBC medical lock which is found in the Bundeswehr's medical companies concluded the exercise. It is placed ahead of medical facilities, such as the mobile field hospital, the military hospital or less common collection stations. Triage, lifesaving treatment of contaminated wounded (wounded who are affected by radioactive substances, biological or chemical agents), decontamination of wounded, producing the ability to absorb wounded for the medical facility, the operation of water transport and water supply, the operation of a field laundry and the drinking water filter equipment were introduced in stages.

The responsible NBC defense officer at CENTAG, Lt Col Hans-Joachim Treggr, hopes that cooperation in the NBC defense sector throughout the alliance will become even closer because of these and other events.

12124/12858

CSO: 3620/175

MILITARY

FEDERAL REPUBLIC OF GERMANY

NAVY'S COASTAL SECURITY, LAND TRANSPORT TRAINING SKETCHED

Bonn MARINE in German Nov 85 pp 30-31

[Article by Siegfried Kuhn: "Clear Head and Clear Anchor"]

[Text] Grossenbrode, a seaside resort on the east coast of Holstein, with a population of 2,300. A place with tradition. In 1937 a large naval air base was created, not long after a torpedo school was established. In the postwar years the military land was used as a ferry port to Scandinavia. Not until 1963 did the Navy return to Grossenbrode. The 4th amphibious transport battalion, which was later integrated into the 2nd amphibious transport battalion in Emden, occupied the area until 1969. Finally, on 1 October 1969 a navy coastal service school was established here, the central training site for all officers, noncommissioned officers and men who are utilized in coastal service.

Training and service at this large school, which also includes the basic training detachment and the training center for reservists in Glueckstadt (see MARINE March 1985 "Protection of Facilities and Installations Is Necessary"), are oriented toward efficiency in training: The coastal service or officially Application Range 7--transport system and navy security service--represents an indispensable component of the navy and reflects a long tradition. Soldiers from this sector are used in motor transport operation (Application Series 73), in vehicle technology (Application Series 74) and in the naval security service (Application Series 76).

The curriculum-based training of the active soldiers and reservists for this application is implemented in Class A of the navy coastal service school. The key points are leadership training for navy security troops at all levels for Application Series 76 and skilled military training and special courses for men, noncommissioned officers and officers in the other sectors of the coastal service. Principally this includes the training of commanding officers and engine technology petty officers second class for beachmaster landing boats, leadership training for supply and transport tasks in Application Series 73 and courses for acquiring certification to operate large equipment in the coastal service such as vehicles and special equipment for transshipping and supply. In addition, there are courses for maintenance personnel in the coastal service, thus for soldiers in Application Series 74.

"Motor transport operation" means the navy's transport system which guarantees the transshipping of material and the transporting of people. It is a subsector of logistics and helps the naval forces, naval aviation forces and naval land units in establishing and maintaining their serviceability. The soliders in Application Series 73 acquire the skill to drive and operate the necessary vehicles in Grossenbrode.

The transport and transshipping means from the motorcycle to the automobile, the crane to the aircraft refueller, assume a maintenance component which is available in the form of vehicle workshops in the various sectors of the navy. Here the soldiers of Application Series 74 work in capacities ranging from maintenance personnel to workshop manager (vehicle master) and head of the unit. The essential craftsman skills and the necessary theory are taught in courses at the navy coastal service school.

Naval facilities, such as command posts, bases, depots, communication facilities and naval air bases, are facilities which are particularly in need of protection. The navy security troops are entrusted with protecting these facilities in cooperation with the combat forces in the territorial army. As needed, they must also, as additional tasks, provide convoy service for naval land transports. The naval security troops must be comprehensively equipped, organized and trained in a manner appropriate to the threat from attacks by air, sea and land. Indispensable prerequisites for this are intensive training in all hand weapons and the 20-mm field gun as well as tactical training in protecting facilities and installations.

Training in the security service is hard and requires discipline and a willingness for combat on a special scale. It is implemented in class A of the navy coastal service school in a total of 33 courses. Supplementary training takes place in the TSK [service component] army.

Steady feedback through the unit ensures that training is maintained at the newest level and the soldiers can assume their new duty posts well prepared after successfully completing the curriculum at the navy coastal service school. They are first placed in naval security companies at naval bases and in the naval air squadrons as well as the beachmaster company in Eckernförde. But the naval company of the guard battalion in the Ministry of Defense also consists of series 76 members and the noncommissioned officers in the basic training units who teach all sailors the first lessons about everyday military existence themselves became soldiers in Glueckstadt.

In Glueckstadt, on the lower Elbe River, all soliders in the coastal service begin their time in the navy with basic training, the practical part of which in large measure does, of course, take place in nearby Itzehoe. The Nordoe garrison training area whose sandy soil has absorbed many drops of sweat from soldiers is here; and marksmanship training with hand weapons is also done in Itzehoe at the Basten firing range.

In spite of the hard training--adventurous daredevils are not in demand in the coastal service. Reliability and know-how are primary in fulfilling tasks, guaranteeing the combat readiness of the armed forces in an emergency, true to the motto that the soldiers of Application Range 7 adopted at the naval coastal service school from their action insignia: clear head and clear anchor.

12124/13104

CSO: 3620/172

MILITARY

FINLAND

SOVIET DEFENSE MINISTER SOKOLOV TO VISIT IN SUMMER

Helsinki HELSINGIN SANOMAT in Finnish 4 Feb 86 p 3

[Article: "Soviet Defense Minister Will Come to Finland, Pay Return Visit Surprisingly Soon"]

[Text] Soviet Defense Minister Marshal Sergey Sokolov will make an official visit to Finland. The Defense Ministry has begun preparations for the visit but does not want to release any details yet, "because nothing has been given final approval."

According to news sources, Sokolov's visit is scheduled for the summer.

Defense Minister Veikko Pihlajamaki presented Sokolov with the invitation last August during his visit to Moscow, so the return visit will be paid surprisingly quickly.

The last time a Soviet defense minister visited Finland was in the summer of 1978. That visit by Marshal Dmitriy Ustinov caused a considerable international uproar when Ustinov--during unofficial discussions--brought up joint military maneuvers by Finland and the Soviet Union. President Urho Kekkonen nipped that idea in the bud.

Sokolov, 74, has been defense minister for only a year. His trip to Finland, if it comes off, will be his first visit as minister to the West, as far as is known.

Sokolov has distant military experiences with the Finns. He was chief of staff of the armored and motorcar troops on the Karelian front in 1943-44 and later was commander when the Maaselka isthmus was emptied of Finns. Among those who marched home was soldier Mauno Koivisto.

Sokolov is a candidate member of the CPSU Politburo.

12327

CSO: 3617/66

MILITARY

FINLAND

ARMED FORCES CHIEF URGES STRATEGY TO DEAL WITH NONWAR CRISES

Helsinki HELSINGIN SANOMAT in Finnish 4 Feb 86 p 7

[Article by Martti Heikkila: "Defense Forces' Commander Asks for New Attitude Toward Defense Policy: There Is Crisis Between War and Peace"]

[Text] The leadership of the defense forces is stirring up a debate on the basic tenets of Finnish security policy. Intertwined in the new debate package are the preparedness law which is being drafted, the concept "crisis management" and its preconditions, and the material capacity of the defense forces to fulfill the tasks assigned to them.

General Jaakko Valtanen, commander of the defense forces, says he wants above all to dispel the fairly common notion that in matters of war and peace there are only two alternatives: profound peace or all-out nuclear war. "Between the two there lies a certain kind of gray area, a situation in which peace wavers but relations between the parties concerned have not reached the critical stage of military operations between mobilized armies, or war," says Valtanen.

"It is the generally--even internationally--accepted view that the danger of war in Europe has decreased. If the situation should become very critical, however, it is most likely that the parties concerned would resort to political, military, and economic measures such as threats and enticements, economic pressure, blockades and embargoes, economic aid and support, deployment of troops, military maneuvers, and repeated threats of military operations."

At the climax, according to Valtanen, the methods would be sabotage, terrorism, and provocative incidents.

"There is no reason to suppose that neutral countries like Finland would remain unaffected by such measures. We should not imagine we live in such a fairy-tale land," he warns.

"Crisis management is the name we have given to action by the defense forces to keep such exceptional situations under control. In menacing circumstances below that of open warfare, this action gives our security policy the kind of military support that can prevent our involvement in a real war," sums up Valtanen.

Researcher Doubts Need for Land Forces

In a comprehensive article published last autumn in YDIN, research specialist Pertti Joenniemi of the Tampere Institute for Research on Peace and Conflict presented his view that the foundation of Finnish defense policy has cracked for two reasons.

For one thing, "the 'suitable' threatening picture supposed by the defense policy of a small country like Finland does not seem to exist between all-out war and absence of war." Joenniemi also considers the concept of land war obsolete, because the "alternatives are quite clearly all-out war or absence of war." In his opinion, therefore, the improvement of land forces which is now under way rests on old-fashioned thinking, and he calls into question the need for general compulsory military service.

According to Joenniemi, the "method of preventive crisis management is essentially a new doctrine," a kind of stalemate theory. The new feature of Valtanen's doctrine, writes Joenniemi, is that all sorts of theories on the nature of potential war are disregarded.

"But I have not disregarded them," says Valtanen. "I have stated many times that if the situation should develop into an armed conflict between the super-powers, it would always begin, in my opinion, as a conventional war using traditional weapons. I believe that a protracted conventional war on the model of World War II is very unlikely, because even a war which began conventionally would inevitably expand into a nuclear war."

What kind of war would be possible?

"What remains is a conflict which began with conventional weapons, a series of battles between armed troops, but in order for the war not to expand into a nuclear war, a swift solution should be sought and there should be a quick return to a condition of peace. Both sides know that expansion of the conflict into nuclear war is intolerable to both sides."

Vice Admiral Jan Klenberg, chief of the general staff, has said that the phase of traditional war "could be violent, destructive, swift and--because of these very qualities--short."

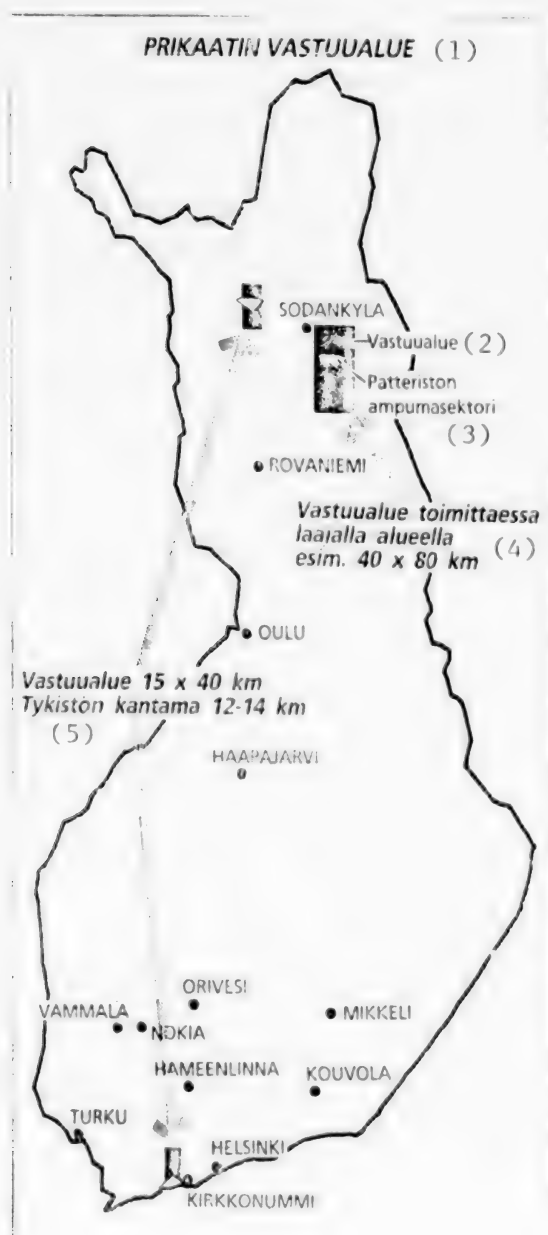
"Exactly," confirms Valtanen, "and the military and political leaders are quite unanimous in this regard."

Valtanen stresses that the concept of crisis management was brought up by the third parliamentary defense commission. According to him, it is not a question of a "new doctrine," nor is there any need to change the defense policy's foundation. On the other hand, the "crisis management" concept has not received an adequate public discussion, feels Valtanen.

The last time Valtanen dealt with the crisis management concept was when he spoke at the opening of the national defense course, which is now in progress.

Valtanen responds to Joenniemi's criticism of the land forces and the need for compulsory military service: "Controlling the territory of Finland is impossible without land forces. For example, one brigade can keep watch over just a very small part of the country, when its area of activity is considered on a map of Finland. If we take a look at how many brigades we can create from our defense troops and if we take into account the other branches of military service, we see that it is impossible to have control over Finnish territory without land forces.

"All this talk that we could get by with the 20,000-30,000 men who serve in peacetime is a lot of theorizing which has no practical basis," thunders Valtanen.



Key:

- (1) Brigade's area of responsibility
- (2) Area of responsibility
- (3) Shooting sector of battery section
- (4) Area of responsibility arranged over wide area, for example
- (5) Range of artillery

Valtanen justifies need for land forces: "One brigade, 5,000 to 7,000 men, can keep watch on only a very small part of Finnish territory, even in sparsely populated northern Finland."

"The purpose of defense is to safeguard the people's possibilities for life under all circumstances, to see to it that society functions and people can live in safety. An essential part of that is the surveillance and protection of the nation's territory, its land, sea, and air boundaries. It means in practice a defense arrangement, a grouping of troops so that they can maintain possession of the territory--and the arrangement which we can make with these resources of ours always amounts to a very sparse arrangement."

Valtanen does not consider a professional army feasible in Finland. "The possibility was investigated, and we ended up with armed forces which are impossible given our appropriations for defense. The only way to keep effective control over our territory is a system which is built on general compulsory military service, a trained reserve, and mobilized troops."

Help for Crisis Management from Experiences of UN Men

According to General Jaakko Valtanen, the first requirement of crisis management is that people know what is happening in the world. He stresses the need for systems of information gathering and territorial surveillance in order to be able to make timely decisions. This is the most important element of crisis management, emphasizes Valtanen.

In the early stage of a crisis, attention should be focused on safeguarding political and military leaders as well as military agencies and units. Society's key personnel must be protected as well as major points of information flow and energy production/distribution.

Valtanen also considers it essential to protect the transmission of news and data.

Valtanen's doctrine of crisis management raises the question of how the defense forces have been prepared to carry it out. Are changes needed in training, in the concentration of deliveries, or in legislation? Is the Finnish forest guerrilla also suited to acting as a "crisis management policeman"?

"It is true that crisis management places new demands on the defense forces and on their development," says Valtanen. "Yet our basic system as such is efficient, and there are no major flaws. I emphasize that the protection of society's institutions in peacetime is the responsibility of the police authorities, not the defense forces. We only take care of our own posts and our own system. But if we receive an order to stand by, the crisis management mechanism can be set in motion."

Current Finnish law recognizes only a state of peace and a state of war: there is no intermediate form. Is a new definition needed in the legislation?

"In my opinion, the new preparedness law has already been thoroughly debated--I do not consider myself an expert on it, and I do not want to delve more closely into its content--but new enactments are needed in order to be able to manage a crisis situation.

"Crisis management does not actually involve investments for training the defense forces, but nowadays we are emphasizing in our patrol training that a patrolman is more of a combatant than a policeman." Valtanen considers valuable the experience of troops which have participated in UN assignments: "UN men have seen action on patrol and surveillance assignments in crisis areas."

Procurement Program Running Slow

The defense forces' leadership system needs to be modernized, says Valtanen. Data transfer must be up-to-date, data must be handled on the principle of automatic data processing, and the entire system has to withstand electronic jamming. Important targets of modernization in the surveillance system are the large artificial radars which become obsolete at the start of the next decade.

Protector troops, 250,000-300,000 men, form the backbone of the defense forces. Modern equipment--for example, armored personnel transport vehicles and terrain vehicles--are now being procured for the protector troops.

"We have gotten off to a good start in improving the protector troops, but the program's 15-year timetable is so slow that we know technical and military progress will be quicker. I am worried that we will lag behind and be crushed by technical developments," laments Valtanen.

"Prices leap upward 2-6 percent every year: it is a matter of the so-called technical cost increase. It would be very judicious, both politically and in terms of the national economy, to foresee this development and to initiate an overhaul through small measures--to lay hold of the technical cost increase. It would be cheaper and wiser in every way than for us to notice in the 1990s' plans that we are a billion marks in arrears. Laying hold of a few hundred million marks is still within reach."

With the current appropriations, only half of the defense forces' reserves can be provided with modern implements; the other half makes do with obsolete equipment. "This may have an effect on people's opinions of the credibility of our national defense capability. I do not believe, however, in an actual weakening of desire to defend our country," argues Valtanen.

"Then again, the reserve's inadequate equipment can have an impact on foreigners' notions of the credibility of Finland's defense capacity."

The fighter planes of the air force will be obsolete in the 1990s. Will modernization be a costly investment?

"The air force's equipment will be the costliest of all, and the air force's equipment also has a shorter life than the implements of the land and sea forces. Modernization of fighter planes is a noteworthy project, and it must be discussed now," thinks Jaakko Valtanen.

12327

CSO: 3617/66

MILITARY

FRANCE

NAVY TO MODERNIZE AIRCRAFT CARRIER CLEMENCEAU

Paris COLS BLEUS in French 25 Jan 86 pp 18-19

[Article by Gabriel Jauffret]

[Text] The first nuclear-powered French aircraft carrier, the Richelieu, will be placed in service in 1995. So that we may have two aircraft carriers before that year, the military programs laws has provided for keeping the Clemenceau in service until then. The carrier which has been in service for 50,000 hours, is now undergoing major renovation which began on 1 September 1985 and will be completed on 31 August 1986.

The modernization work now underway is the most important ever carried out on a French aircraft carrier. Some 1.8 million manhours of work will be performed by the Toulon Directorate of Naval Arms and Construction with 500,000 hours of the work to be handled by the crew. "What we have here is a complete overhaul of the carrier," its captain, C.V. Lefebvre, emphasized. "The purpose of the overhaul is to prolong its life for 10 years. The renovation work will first involve complete or partial replacement of the pipes of 5 out of 6 boilers: 10,000 pipes will be replaced; the tilework will be done; 40 auxiliary engines will be examined; and the blades of several turbines will be repaired."

As for the aviation installations, the deck-landing braking mechanisms will be inspected, the takeoff deck, is undergoing major rebuilding, and the fore and aft elevators are being reinforced. The vital equipment of the aircraft carrier, the catapults, which up to now have handled more than 50,000 launchings, have been modernized and their mechanical performance capabilities have been doubled.

C.V. Lefebvre explained that the modernization of the carrier responds to new circumstances. "The lessons we learned from operations conducted off Lebanon demonstrated that in a confused, at times critical, and in any event complex situation, an aircraft carrier could find itself vulnerable and under permanent threat." The day of secondary naval powers is now a thing of the past.

Strengthened Self-defense Capability

About 50 navies are equipped with antiship missiles, and the arms market presents the potential threat of a new one every day. The self defense capabilities of an aircraft carrier have to be equal to the crises which might arise suddenly. The air surveillance radar of the Clemenceau has been taken off the ship; it will be replaced by a detection system adapted to surface warfare and to close-at-hand detection, which cannot be deceived. It will be complemented by a new passive detection system designed to locate enemy radars and missile self-guidance systems. This complex, so-called latest generation system will help to establish the nature of a situation and to monitor its evolution while at the same time permitting the carrier to remain silent.

Four of the eight 100 mm artillery towers have been removed to leave room for two groups of Crotale-Edir. The installations of this multiple defense system--against surface vessels, enemy missiles (even those flying at surface level), and airplanes--involves the installation of superstructures with respective weights of 90 to 100 tons. Because of this, the silhouette of the aircraft carrier is greatly changed. A system of decoy launchers, the Dagaie, is now being installed.

In addition to these modernization activities, the capacities of the data processing system increased, and the internal transmission network has been reinforced.

The entire region of Vauban de l'Arsenal has been mobilized for the Clemenceau. Immense holes have been opened in the decks, and the aircraft carrier has become an enormous shipyard. Although at reduced strength, the ship's complement is heavily engaged in the renovation work, including maintenance of security in the shipyard. Every day 40 men are ready to put out any fire that may begin in a welding site. These responsibilities are cheerfully endured, and C.V. Lefebvre says about his crew: "They are tenacious fellows and well aware of the importance of the job being done." What is more, a symbiosis has been established between officers and engineers, weaponry technicians, and navy officers, workers and navy men of the crew. On 1 September 1986, the Clemenceau will set sail from Toulon on its first sea tests. Some 1.8 million manhours of work, of which 25 to 30 percent have been placed in the hands of private companies, constitute two-thirds of the workload of the Directorate of Ships of the DCAN [Central Directorate for Naval Weapons and Shipbuilding], which reportedly has rejuvenated it. Depending on the time of day, there are from 400 to 1,100 persons at work on this unprecedented shipyard. Let us note that the work is being supervised by IPA Noel, and the industrial organization of the shipyard is the responsibility of IPETA Huete.

8143/13068
CSO: 3519/124

MILITARY

FRANCE

DETAILS OF LECLERC TANK REVEALED

Paris LE MONDE in French 1 Feb 86 p 9

[Article by J. I.]

[Text] To raise the morale of the Army 1 month and a half before the elections, Prime Minister Laurent Fabius and Defense Minister Paul Quiles traveled to Satory (Yvelines) on Thursday, 30 January, for a demonstration of the new combat tank, called Leclerc after the former commander of the 2d Armored Division of Free France who liberated Paris and was made marshal posthumously in 1952. On the occasion of this surprise visit by the chief of government, Quiles also took the opportunity to announce his decision to initiate the radar battlefield surveillance program named "Orchidee" which will be installed aboard the new Super Puma helicopter.

Quite obviously, by their presence in Satory Fabius and Quiles were trying to make everyone forget the controversy which arose at the end of 1985 in connection with statements made by General Philippe Arnold deploring the inadequate number of tanks assigned to the French armored divisions. The presentations by the Army General Staff and the delegation general for armament on the Leclerc tank, which is to replace the current AMX-30 tank and its derivative, the modernized B-2 version, after 1992 led one to believe that "the tank of the future exists," to quote Quiles.

"A New Generation of Tanks"

The Leclerc tank is expected to weigh 52 tons (compared to the AMX-30's 37 tons) and will be equipped with a 120 mm cannon (instead of the 105 mm cannon) permitting it to fire even while moving and in all weather, several kinds of shells (such as the hollow-charge shell and the incendiary shell at a rapid rate since reloading is done automatically.

A three-man crew (instead of the AMX-30's four-man crew) will also have at its disposition a digital system for real-time transmission and processing of operational data for combat; that is to say, this team at all times and instantaneously will be able to communicate its position and to designate targets for to her tanks. The Diesel engine generates 1,500 horse power, thanks to a process of fuel injection called "Hyperbar". Finally, its

capabilities are such that in spite of its doubled power the engine of the Leclerc tank is identical to the 700-horse power engine of the AMX.

Since the initial studies in 1978, which resulted in the development of seven prototypes that will be tested after 1988, an effort has been made to salvage anything possible from the failure of French-West German cooperation in this sector. Thus, the Leclerc tank and the Leopold-III tank may maneuver together in Central Europe because they will use a similar 120 mm cannon, the same shells, tracks, and fuel.

"We are on the threshold of a new generation of tanks," explained Georges Dubot, chief engineer for armament, who is program director along with Col Francois Toulouse of the Army General Staff. France's plans call for an order of 1,400 Leclerc tanks at a unit price that has not yet been set but which could be on the order of 21 million francs (the B-2 version of the AMX-30 cost 12 million francs each). It has not been ruled out that other countries may participate in its manufacture, such as Spain, which is already building the AMX-30 under license. In France, the Leclerc tank program is expected to represent millions of manhours, particularly in the arsenals of Roanne, Tarbes, and Bourges. That is doubtless the reason the minister of youth and sports, Alain Calmat, Socialist candidate in the elections in the Cher region, accompanied Fabius and Quiles to Satory.

A Radar-Mounted Helicopter

After stating that the 2d Armored Division, stationed in Versailles (Yveline), will be the first unit to receive the new tank in memory of Philippe Leclerc, the Minister of Defense announced his decision to initiate the Orchidee project which had been proposed to him by the Army. Orchidee is a radar with a 150-kilometer range transported by a helicopter, which is designed to inform the commander of enemy movements on the battlefield. According to Quiles, the first Orchidee unit is supposed to be ready in 1995.

The indirect importance of this decision announced by the minister is that the Army will order 20 Super Puma helicopters to carry its Orchidee radar, which will be like an equal number of mobile surveillance stations at an altitude of 3,000 meters. Previously, the Air Force had ordered three Super Pumas to meet the needs of the Nuclear Experimentation Centers Directorate/ (DIRCEN) in Polynesia. AEROSPATIALE, which designed the Super Puma, could, therefore, take advantage of the French Army's order to engage in the sport of commercial promotions, which, without this initiatives, would continue to be difficult.

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MILITARY

FRANCE

PURCHASE OF TRANSPORT PLANES DELAYED

Paris LE FIGARO in French 3 Feb 86 p 9

[Article by Pierre Darcourt: "Which 'Short-haul Plane' for the French Air Force?"]

[Text] Of all the Air Force chiefs of staff Gen Capillon is without a doubt the one for whom the task of managing its programs has been the most trying. As regards Mirage 2000's which are delivered sporadically, and airborne radars (priority of priorities) for the future tactical combat plane, everything has to be weighed and counted, not as an integral part of operational urgencies or needs but of industrial and financial imperatives. Not to mention the air-to-air missile "Mica" which Matra is awaiting the government's green light to start producing. The pile of suspense files is getting bigger. And now in the midst of the imbroglio of all these contretemps we have the thorny question of the "air transport plane."

This "short-haul" aircraft, which is to replace the old Nord 262's and 261's whose withdrawal from service by the Air Force is planned for 1987, is supposed to be ready by that time. France has need of a military transport/plane for the transport of troops, light vehicles, and aircraft engines of the Mirage 2000 type to avoid the need to use Transalls which are in too great demand and have half-cargo space.

However, the French public authorities do not seem to have made up their minds to build these planes. In fact, their development would be very costly--1 billion francs--notably for the military version which requires the installation of a rear ramp.

Four-Year Delay

Built jointly by AEROSPATIALE and AERITALIA, the ATR 42, a tough regional airplane, which is fast and fuel-efficient (consumption 25 percent less than the Fokker) is considered to be "the world's most modern aircraft of its type." With modifications, or in its purely military version, it responds to the real needs the French Air Force.

But, unless there is immediate government authorization to initiate this program, which seems unlikely, it will be necessary to wait until 1991 before

the aircraft on order are ready to fly; that is 4 years after the deadline set for the withdrawal of the obsolescent Nords.

The critical time frame for this program was May-June 1985. In that period, the French-Italian manufacturers of the ATR noted the development of fierce competition in the commercial aviation sector (particularly with the British AEROSPACE ATP).

The French Air Force, which has announced publicly that it is interested in 25 to 30 planes, does not have the credit needed for the development of a military version of the ATR. For their part, the directors of AEROSPATIALE have emphasized that they had never expressed their opposition to the development of the military transport airplane (ATM), since according to the studies conducted, it seemed clear that a potential market for 200 aircraft of this type did indeed exist. In the absence of a decision and credits, a delay set in. The fact remains, however, that AEROSPATIALE's continuing objective is to be in a position to propose an ATM, with a rear loading ramp, to the Air Force by the end of 1990 or the beginning of 1991.

In the meantime, an interim solution is necessary: to "bridge the 4-year gap." This solution would consist in resorting to a still different version that the ATR 42 with a lateral door to permit the dropping of 40 paratroops.

In all likelihood, the French and Italians in particular would stand in the way of a third alternative: the CN 235, an aircraft developed within the framework of Hispano-Indonesian cooperation.

The CN 235 is of interest to the Air Force. In the first place, it exists. In the second place, it is not expensive in spite of one drawback: the CN 235 is carrying 1.4 excess tons because its manufacturers, who are new to the aeronautical field, still lack the experience needed to "build solidly" in accordance with the principles of the major European aircraft manufacturers. However, this handicap is not a rejection factor and if the planes certification occurs in mid 1986, it will be largely available within the time frames set by the Air Force for the replacement of its Nord 2501 fleet.

French-Italian industry would then suffer a real blow to its esteem by losing the Air Force label to the CN 235, as this imprimatur carries considerable prestige with foreign clientele.

AEROSPATIALE and AERITALIA are aware of the stakes. The Italians are working on the assembly line of the ATR 42's rear loading ramp. The French are evaluating a pilot study of the military version. The pilot study defines the costs of staggered series manufacture of 50 to 150 aircraft and takes into account test flights and the degree of structural resistance of the airframe.

In conclusion, the file is in suspense, awaiting a quick decision, for according to the words used by the ATR project director, "an acceptable proposal should be submitted to the Air Force very shortly."

Let us hope that the proposal will result in the production of an efficient and operational aircraft.

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MILITARY

NORWAY

SAS PILOTS UNION URGES BOYCOTT OF AIR FORCE DUTY

Oslo AFTENPOSTEN in Norwegian 11 Feb 86 p 11

[Article by Liv Hegna: "SAS Pilots Boycotting Compulsory Service in Armed Forces"]

[Text] The Norwegian SAS Pilots Association is urging a boycott of the signing of the form which obligates pilots to split service in SAS and the air force. There is a total of 20 military pilots who are currently receiving the form in the mail. The letter was sent from the air force staff on 6 January and is a result of the pilot crisis measures which were initiated with authority in a royal resolution of 12 July 1985.

The association's case preparer, SAS Pilot Erik Bull, tells AFTENPOSTEN that the association informed the air force leadership and the Defense Ministry regarding its view in a meeting on Friday: "We insist on behalf of our members that service in the air force in addition to flying for SAS take place on a voluntary basis. We are not convinced of the legality of imposing on just a relatively small group of pilots extra service in addition to compulsory service in the air force."

"But we intended to let the legal side of the issue rest for the time being. If the armed forces agree to our demands regarding making service in the air force voluntary, we will more than gladly help the issue to be straightened out," Bull says to AFTENPOSTEN.

As far as contracts regarding six months of service at SAS and six months in the air force over the next three years are concerned, Bull thinks that they should be withdrawn and that the arrangement should be made voluntary.

"To sign such a contract would completely break with the SAS pilots' collective agreement, as far as the gaining of both seniority and pensions are concerned." Pilots who sign will also have problems with insurance. "Flying for SAS is quite a bit less risky than service in the air force," Erik Bull says to AFTENPOSTEN.

There is a total of 21 pilots who finished in the air force and went over to SAS since the royal resolution regarding pilot crisis measures was passed in a cabinet meeting. However, the air force staff sent contract forms

regarding split service to just 20 of these. The rest of the pilots SAS took in came from other civilian companies. However, there is a number of military pilots who got employment or began with SAS */before/* [in italics] the resolution went into effect. This group falls outside the split service arrangement.

However, there is great disagreement among the pilots regarding how employment, termination or entry are to be interpreted in relation to the date of the royal resolution. As AFTENPOSTEN understands it, the air force staff has not clarified all details regarding this for the SAS pilots.

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MILITARY

PORTUGAL

EAST WEST TENSION, INVOLVEMENT IN NATO DISCUSSED

Lisbon DIARIO DE NOTICIAS in Portuguese 16 Jan 86 p 10

[Article by Virgilio de Carvalho]

[Excerpts] There is great curiosity about the future of East-West relations following the promising Geneva summit meeting. And there is also curiosity about what Portugal's role might be in a world and in a Europe where there is certainly a place for the smaller powers.

Spain, NATO and Portugal

The inclusion of Spain in the NATO military structure is of the greatest interest to the west and to Portugal, since the predominant geographic location of its territory and its military power are essential to the security of the area along the Baleares-Strait-Canary Island axis. The fact is that the conflict in the Western Sahara has provided a target of opportunity for forces which have shown hostility toward the West, such as the East and Islamic fundamentalism. This is not reassuring in terms of the future of the Strait and the Atlantic island and the viability of United States aid to Europe in the event of war. It is clear that Spain, like France, would always side with the West in the event of a war with the East, but its abandonment of NATO following the next referendum would confirm a mistrust on the part of the Spanish people where the United States and NATO are concerned, which does not bode well for either of them. However, Spanish participation in the NATO military structure and its membership in the EEC cannot be effected at the cost of penetration of the geostrategic space which the people of Portugal created precisely to make their country geopolitically and economically viable with regard to it. Granting Spain the historic maritime rights of Portugal would be an absurdity. Such penetration and hasty and premature Iberian economic integration would make NATO and the EEC into serious and unnecessary threats to the freedom of action, negotiating power and individuality of Portugal. The example of Ireland, which was able, within the multilateral European space, to achieve diversification of its economic relations, and others, enabling it to develop and simultaneously to strengthen its individuality and independence with regard to its powerful English neighbor, is of interest to a Portugal whose history teaches that it is very risky to try to separate its development from its security, because they are congenitally

linked. The strengthening of continental and Ireland regionalism, for example, should lead to an increase in solidarity and national power through participation, and not to the division of the country along its natural internal boundaries and its weakening as compared to foreign forces.

Portugal--a Minor Power

Small powers will have to draw what they can from their heritage and internationalize their economies in order to diversify the inevitable dependence and to place competitive products on foreign markets, if they want to enjoy sufficient freedom of action. Small peripheral powers have the advantage of maritime shores over interior powers, with the less costly and freer potential for economic development and foreign relations typical of them. For this reason the citizens of Portugal must understand that the difference between whether their country will be something or nothing, free or not, lies in their foresight and their determination to derive the best from their geographic heritage, and also their particular historic and cultural heritage, through cooperation based on mutual interests with the Portuguese-speaking world which was established at the peak of the painful historical development of Portuguese viability. And to avoid power vacuums which others will begin to fill, the people of Portugal will have in particular to understand the geopolitical and economic importance of the continental post, the islands and the interterritorial space and maintain autonomous military defense which does not overlook the importance of the interterritorial air and maritime space and the archipelagoes to our security and that of our allies. They must realize that these areas can serve as the lifeline of defense and reserve for our nation, and that their recovery would be more problematical than that of the continent, if we were to lose control.

In order to safeguard its individuality and importance in NATO, Western Europe and the Portuguese-speaking world, the small Portuguese power will have everything to gain if it unequivocally embraces its Euro-Atlantic status as almost an archipelago, which has prevented its collapse on the peninsula; if it develops the study of history, strategy and defense in its universities; and if it provides itself with aggressive representatives abroad in the realms of economics, culture and defense.

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3542/60

MILITARY

SWEDEN

PARTIES SEEN APPROACHING ACCORD ON DEFENSE PROGRAM

Stockholm DAGENS NYHETER in Swedish 8 Feb 86 p 2

[Editorial: "Defense Agreement in Sight"]

[Text] There is beginning to be much more of an inclination to reach a defense agreement among the Social Democratic, Liberal and Center Parties. When the Defense Committee on Friday presented the different appropriation levels and percentage rates of increase which its leaders want the OB [Supreme Commander of the Swedish Armed Forces] to examine further, it was clear that these three parties stand fairly close together on what the defense forces will cost during the five years beginning in 1987.

The first impression could indicate otherwise. At this stage the Social Democrats can imagine anything between an unchanged appropriation and an increase of 600 million kronor per year. In between they also want to look at increases of 200 and 400 million kronor.

The Liberal Party, which previously expressed itself in favor of the OB's so-called plus level which would give an additional 500 million kronor per year, has now adjusted its figure upward to 600 million, which thereby agrees with the highest Social Democratic level. The Center Party position, which was surprisingly proclaimed on Thursday, is that the annual increase should be 800 million kronor, but with the difference that it should be divided as a continuous increase in appropriations of 1.2 percent per year--thereby a smaller amount at the beginning and a greater amount at the end of the five year period.

Even if the way of counting were the same, the steps in between are significantly greater to the Conservatives' demand for an increase in the defense appropriation of two percent annually, which on the average would mean an annual increase of almost 1,400 million. Since the Conservatives have already called for this rate of increase for the period 1992-1997, the difference from the other parties will become significantly greater with time.

No defense politicians except the Conservatives are prepared to extend themselves so far; it may be that the need for increased appropriations can be greater during the five-year period than the other parties expect. If the Social Democrats can avoid an agreement with VPK [Left Party Communists] on

defense, they can also go beyond what is now said to be their highest level. Also both they and the Liberal Party should expect to allow the appropriation to grow more at the end of the period than at the beginning: the method does not need a fixed percentage of growth, it can be expressed as some form of index.

As to the aims of the defense, the committee's priorities largely agree with those first outlined by the Liberal Party last fall. It is significant that they have agreed on the importance of air defense, and even the Social Democrats are determined to retain the three Draken divisions which were saved two years ago by a four-party agreement after some debate. They are also agreed that more must be spent on the JAS [Fighter-attack-reconnaissance] aircraft armament, fire control and basing systems.

The Defense Committee said emphatically that the failure adequately to fund medical services in wartime must be corrected as soon as possible. Vulnerability of both transport and availability of disposable materials would soon lead to a breakdown. For similar reasons they requested the OB to concentrate on weaknesses in the electrical supply and telephone communication systems.

The committee was not as unified concerning the Navy and the Army. Obviously they were unanimous on the importance of better antisubmarine protection, but that was, according to the new chairman Per Borg, a "pat on the back" to the OB to continue according to existing plans. On the other hand the Conservatives want to add considerably more, and they believe along with the Liberal Party that two new submarines should be procured.

It was on the question of the Army, however, that the Conservative and Liberal Parties stood the farthest apart. The entire committee agreed that Army units need to be modernized in order to be effective. But the realization that procurement of vehicles, armor and modern weapons will go too slowly has led the Conservatives to the conclusion that great additional funds are needed, while the Liberal Party would decommission a number of unmodernized brigades in order to save funds. In that case the party could very well have gone farther, for example by even carrying out the decommissioning of peacetime units.

This assignment of priorities is meeting opposition from other parties, and the quality of Army units appears to be a continuing problem, even though refresher training has been improved. The committee satisfied itself with the general statement that a new tank will be procured in the 1990's, but to get funds for that will be one of the big defense questions in the coming years. That indicates that the choice between quality and quantity will be foremost in the 90's defense decision.

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MILITARY

SWEDEN

DEFENSE COMMITTEE SEES HEALTH, MEDICAL CARE AS WEAK ELEMENTS

Stockholm DAGENS NYHETER in Swedish 8 Feb 86 p 8

[Article by Sven Svensson: "Defense Committee Says Civil Defense Is Weak Point"; first paragraph is DAGENS NYHETER introduction]

[Text] Health and medical care comprise the weakest link in the Swedish total defense. This was reported by the Defense Committee to the government in a report on the direction of the defense during the five-year period 1987-92. The need for medical equipment must be satisfied and the vulnerability of telecommunications reduced.

There is unity between the Landsting and the various government authorities in that the situation within civil defense is for the most part disapproved by the Defense Commission.

Within the medical sector, expendable supplies must be ordered promptly, and the telecommunications sector must be organized to guarantee rapid mobilization in a threatening situation.

Within the military defense it is not of current interest to make spectacular expenditures during the five-year period. The defense decision will instead be directed toward improving the quality of personnel within the defense forces, to bring about more coordinated leadership and to improve readiness.

Better Antisubmarine Protection

A certain strengthening of quality will take place through material procurement. This applies primarily to antisubmarine protection and air defense. Antisubmarine protection will be aimed at preventing foreign submarines from penetrating sensitive areas, while technical development brings an increased threat from the air which must be mastered. The question of ordering a Swedish tank can be postponed until the 1992 defense decision.

In its report the Defense Committee requests the government to investigate several economic levels for the military defense. The intention is that the committee will try to agree on a new program for the five-year period.

The basic level will be the existing defense framework of 22.4 billion kronor. The Social Democrats will then add increments of 200, 400 and 600 million per year. The Liberal Party also wants to investigate an increased defense framework by 600 million, but insists furthermore that 2,000 conscripts be transferred directly to the civil defense.

Both the Conservatives and the Center Party want to have percent increases during the five-year period, the Conservatives by two percent per year and the Center Party by 1.2 percent. The Center Party alternative means an average increase of 800 million per year, the Conservatives' by over a billion per year. The importance of the percentage increases lies in the higher beginning figure before the 1992 decision.

In the military section it is said that the Swedish defense establishment will protect the peace by having such strength, composition and readiness that an attacker's losses and other sacrifices in connection with an attempt to utilize our land would not seem reasonable in relation to the advantages.

A defense establishment formed in this way constitutes an important contribution to calm, stability and limited superpower presence in the Nordic area in peacetime and during times of international crisis, it says in the main section.

The Greatest Threat

The committee emphasized that a military attack against Sweden remains the greatest threat to national security.

Violations of different kinds in peacetime can, however, contribute to the ability of a foreign state to, in conjunction with an armed attack, damage our total defense. In a crisis violations can draw us into a more serious situation and in the end lead to war. Intelligence, surveillance and analysis activities must be given high priority.

Countermeasures against submarine violations should continue to be given close attention. The aim should be to increase the risk for penetrating units so clearly that the type of submarine operations which were described by the Submarine Commission will not be judged possible to conduct without serious consequences, it says. Our antisubmarine protection should have the ability to undertake effective measures against foreign underwater activity in all of our waters.

New Submarines

In the higher economic levels the OB [Supreme Commander of the Swedish Armed Forces] will, among other things, investigate the possibility of ordering a pair of new submarines. Both the Conservatives and the Liberal Party urge that. Such a reinforcement of antisubmarine protection demands an increased framework for defense appropriations.

The intelligence service should be strengthened in order to give advance warning in critical situations which can lead to an armed attack against Sweden.

The basis for improved readiness will be the ability to conduct swift and sure mobilization. A number of wartime units should be tested in quick mobilization exercises.

Within the Army improved communications are needed between the most mobile and effective attack units and the local territorial units. Modernization of units should also continue. In the future new tanks will be needed in the Swedish defense forces, but the decision can wait until 1992.

The threat from the air will grow in the future through technical development and various kinds of missiles. In order to retain a capability against air attack the existing three Draken divisions should be retained, and the JAS and Viggen aircraft should be equipped with effective weapons. Research is going on to develop a Swedish air-to-air missile. At the Conservative Party's level the possibility will exist for procurement of an additional Viggen division.

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13 March 1986

MILITARY

SWEDEN

BOFORS GETS CONTRACT TO MODERNIZE 1960'S TANKS

Stockholm DAGENS NYHETER in Swedish 15 Feb 86 p 16

[Article by Anders Ohman: "Bofors Modernizing Tanks"; first paragraph is DAGENS NYHETER introduction]

[Text] Two thousand employees in the Bofors gun division are affected. The firm will spend four years modernizing the Army's tanks at a cost of 650 million kronor.

The modernization program, called REMO 103, concerns the "S" tank, which was developed by Bofors in the 1960's entirely for Swedish conditions. It was the world's first and so far only turretless tank.

The background for the tank project is the decision by the commander of the Army to modernize older tanks in order better to fit into the war environment of the 1990's. A completely new tank will be considered for the 1992 defense decision.

The renovation work on the "S" tanks will include a new transmission, new piston engine and a laser rangefinder. That will give the tanks increased mobility, better protection and longer life.

The first example of a renovated "S" tank, number 103, was delivered to FMV (The Defense Materiel Administration) last week for further dispatch to an Army armored unit.

"Our gun division will not stand or fall with this project. But it means a lot to us in the next few years," said Per Mossberg, chief of information for Bofors in an interview with DAGENS NYHETER.

Of the firm's 5,300 employees about 2,000 are employed in the gun division. Tank renovations involve a large amount of workshop activity for Bofors. In the machine shop, mounting shop and armor shop it will be about 20 percent of capacity for a five-year period. Military workshops in Skovde, Boden and Hassleholm are the biggest suppliers, and they will employ between 80 and 90 people for this work.

The new piston engine which is replacing a Rolls Royce engine is a turbocharged two-stroke diesel with 290 horsepower from General Motors in the United States. The laser rangefinder is manufactured in Norway.

The designation of the newly modernized tanks will be tank 103 C.

ECONOMIC

EUROPEAN AFFAIRS

FINNS HOPE TO JOIN ITALY, FRANCE, FRG IN USSR TURN KEY PROJECTS

Helsinki HELSINGIN SANOMAT in Finnish 4 Feb 86 p 22

[Article by Heikki Arola: "Into Soviet Union on Coattails of Italians: Finnish Builders Look West for Pickup in Trade with East"]

[Text] Milan--This spring, Finnish builders and design engineers will go around introducing themselves to those West European business firms on whose coattails they hope to get in on megaprojects in the Soviet Union.

The kowtowing began in Milan, Italy's economic center. France and West Germany are next in line.

Last week, some 30 Finnish engineers in the construction field populated the Michelangelo, the most expensive hotel in downtown Milan. They made their rounds in a serious, if not solemn, mood. The purpose was to get an authentic feel for what possibilities the Finns had--together with the Italians--of getting in on the Soviet Union's megaprojects. The weather was not conducive to mere rest and relaxation: a heavy, wet snow fell in Milan all week.

The initial impression was not overwhelming, at any rate. More Italian firms than there was room for had registered for the 2-day conference arranged by the Foreign Trade Alliance. Folders became filled with preliminary bids during discussions between firms.

Finnish exporters of construction and design are in a bind. New targets for exports must absolutely be found. The construction quota for trade between Finland and the Soviet Union has been reduced, and exports to the Near East--except for Libya--have come to a halt.

The Finns finally understand that during the next few years the exchange of commodities between Western Europe and the Soviet Union will no doubt increase clearly. Western Europe's increasing purchases of natural gas from the East are the reason: the purchases are so large in amount that the Soviet Union must buy from the West in exchange.

The Soviet Union wants Western technology. West European firms deliver finished factories to the East, and the method of delivery is most often the so-called turnkey principle. Built with the supplier's manpower, the factories are delivered completely finished to the customer.

Walls from Finland

If, for example, a Western firm delivers a steel mill to the Soviet Union, the Finns--with the construction skills obtained in Svetogorsk, Kostamus, and other places--can participate in the mill's structural engineering aspect, the walls.

Then the big question is whether the Finns should offer the Italians and others their construction know-how, without which the latter cannot make do, and at what price they should offer it.

"The Italians must be led to believe the Soviet Union's markets are so demanding that they, the Italians, will have problems without our long experience," says a design engineer in Milan. The Finns thus believe that their business relationship with the Soviet Union is their ace in the hole. In addition to walls, the Finns could sell the West Europeans advice on how to adapt to Soviet markets.

In any case, the recommender is the best possible one: the Soviets themselves have put in a good word for Finnish builders as possible subcontractors.

Involved from Outset

Engineer Tapio Pietila, who is currently charting the possibilities of international subcontracts for the consulting firm Finsovetexport, complains that the Finns have woken up too late in the case of Italy.

Thus several big contracts obtained by the Italians, such as the 6-billion-mark steelworks in Volsk, have gone by the board. Lesser contracts are still possible. Kone, Inc. has sold the Italians a concrete base for Volsk, and Kone, Inc., elevators for another project.

But you get bigger slices of cake only if you are involved right from the outset as a subcontractor of a primary bidder.

It is true that Finn-Stroi, a conglomerate of large construction firms, made a subcontractor bid on the Volsk steelworks. It chose as its partner the losing party, the West German firm of Mannesmann. The contract went to Italimpianti.

The Italians, to be sure, did ask some Finns, Finn-Stroi among others, to participate in the Volsk project. Finn-Stroi had more confidence in its German partner despite the fact that balancing trade with the East had become a hot political issue in Italy and official talks had taken place between Italy and the Soviet Union.

At its greatest, Italy had a trade deficit of roughly 20 billion Finnish marks with the Soviet Union. An agreement has now been reached to strive to attain a trade balance by 1988. Italy thus awaits additional projects.

Twenty-Billion-Mark Plastics Factories

In the immediate future, the most significant projects to be undertaken in the Soviet Union are the plastics factories in Budienovsk and Ufa. The contract

value of these factories is 20 billion marks altogether. The value of Kostant was roughly 6 billion marks all told.

The main contracting bids have come from four countries, West Germany, England, Italy, and Japan; the French withdrew. Finn-Stroi is bidding this time with the English firm of Davy McKee, Ltd. The director of the Italian energy company Snamprogetti said last week that this contract, too, was his for the asking. His competitors considered the announcement premature.

New Methods of Doing Business

In Pietila's view, Finnish contractors must learn new methods of doing business when they consort with large West European firms: the rules in international trade are different from those in bilateral trade.

According to Pietila, it is difficult to become a subcontractor on the terms which Finns generally want.

As a rule, Finns want the main contractor to bind himself fully to his subcontractor, something which is hardly possible. The main contractor likes to reserve the option of throwing his subcontractor overboard if getting the contract requires it.

The first agreements, before trust is built up, should thus be made as open-end contracts. Pietila believes that business firms venturesome in this way will soon be found in Finland, too, if there is no other possibility.

In agreements signed with West Europeans, the projects are usually directed not by the construction firm but by the enterprise which supplies the machine technology. This enterprise engages as its subcontractor the builder who manages the structural engineering aspect. The decisive factor is then the price of construction.

Finnish builders must prepare themselves for the fact that they could be the subcontractors of subcontractors for Central European construction firms.

There are no opportunities, however, for pure and simple construction at Finland's price level. Competitiveness exists only if a partial unit is supplied of which Finnish design--in addition to construction--is a part.

Financing Package

Another thing which must be learned is how to finance projects. If the Finns want to obtain significant slices of the contract cakes, they must from the very start not only plan the project but also work out a package to finance it.

The major Soviet projects undertaken by West Europeans are financed with performance credits: the builder grants the customer long-term credit (6 to 8 years) on which the Soviet Union pays low interest, roughly 7.5 percent.

The problem is from the Finns' viewpoint that in the West, as a rule, the state has somehow subsidized the financing costs. For example, the chemical industry firm of Hoechts in West Germany received in principle a security pledge when it made a bid on the factory in Budienovsk.

Direct support is not given in Finland, but business firms have at their disposal the Export Security Institute and Export Credit, whose ability to function Pietila says he will personally put to the test in the near future when the first practical cases come up.

Pietila says he has more faith in international financing markets than in state institutions. He does not think the Finns will make blunders on matters of financing, even though the price of money is important when the credits are long-term.

One possibility is to take international credit in so-called low-interest currencies: in German marks, Japanese yen, Swiss francs, or European Economic Units. The only problem is that the Soviet Union generally wants the loan in the currency of the country from which the main contracting party comes.

Foreign Policy

Because Italy is a heavily populated and culturally self-complacent country whose businessmen hardly have time to delve into the niceties of foreign policy, the conference in Milan began with a presentation by Ambassador Eeva-Kristiina Forsman. In it she did her best to dispel possible ideas about Finlandization.

Forsman declared that the Agreement of Friendship, Cooperation, and Mutual Assistance rests on a text which Finland introduced and which contains no secret protocols or automatic arrangements. Forsman mentioned that Finland, alongside England, was the only European country which waged war and which was not occupied by foreign troops during World War II, an observation which, one would suppose, was especially caustic in Italy.

Pietila said that the Finns in turn are prejudiced against countries on the southern side of the Alps as collaborative partners. These prejudices are unwarranted, in his view.

"Finns are often jealous of their trade with the East and fear that we will just be exploited. But Italians and others will go to the Soviet Union in any case, either with us or without us."

12327

CSO: 3617/66

ECONOMIC

BELGIUM

VAN ROMPUY ON PUBLIC FINANCES, REGIONAL ISSUES

Brussels LE SOIR in French 21 Jan 86 p 2

[Interview with Eric Van Rompuy conducted by Guy Deplat and J. Van Hoorebeke: "Let Us Reorganize Without Tricks in Order to Protect the Future of the Young"]

[Text] The CVP [Social Christian Party] is rich in active personalities. Under Martens V, the role of the stirrer of ideas and of thrower of rocks in the governmental swamp had been held by Luc Van den Brande, the deputy chief of group. Let us remember his battle for the regionalizing of national sectors and his report on the installation of missiles in Florennes. Today he has calmed down and seems to have decided that he will no longer throw banana peels under the feet of Mrs Martens and Gol. However, another party personality seems to be ready to take over the opposition role: Eric Van Rompuy. A deputy since October, he explained to us his economic and community concepts.

His words are blunt and his diagnosis of economic reality for a solution to which, like Churchill, he offers blood and tears, is harsh. Whereas Frank Swaelen was saying at the advent of the new year that the CVP was united behind Mr Dehaene, judging by his words, Eric Van Rompuy seems to be closer to Guy Verhofstadt, whom he appreciates, rather than to the leader of the christian democrats. Linguistically, the former president of the young CVP has remained loyal to his image as an intransigent guardian of Flemish interest. He actively objects to the statements, moderate though they were, of Mr Maystadt, minister of economic affairs.

To be sure, Eric Van Rompuy is, together with Mark Eyskens, the only CVP deputy "without a family." He is not supported by a machine and is even rejected by the party's left wing. However, it is his independence that makes his strength. As a remarkable speaker, we remember the way he forced his party to denounce the Egmont pact, throw out FDF [Democratic Front of Brussels French Speakers] and reject coalitions with the socialists. Being an economist, people listen to him quite closely. It must be said that this is a familiar tune in his family. His brother, Herman Van Rompuy, is president of the party's study center, the CEPES, negotiator at Stuyvenberg and author of a recent quite pessimistic report on the budgetary condition of the country. His father, who is a professor at KUL, recently submitted to Mr Geens, on his

request, a very important report on the future of the Limburg mines, which will be discussed by the Flemish parliament. But here is what Eric Van Rompuy has to say.

[Question] Does the 1986 budget appear extremely difficult?

[Answer] The majority is still living in some kind of euphoria. Naturally, I am pleased that the coalition won the elections, including Wallonia, where the fact that an executive authority has taken over without socialists will make Flanders to change its views on Belgian economics, divided into a socialist model in the south and a liberal model in the north. But let us not kid ourselves or consider the 1981-1985 balance sacred! In 4 years the government was able to lower the net subsidy balance only from 12.6 to 11.6 percent of the gross national product. Furthermore, 80 percent of this was achieved as a result of increased taxation. Now, within a period of 18 months, we must reduce this deficit by 3.6 percent of the GNP. This is a huge amount. According to a CEPESS report, net savings to be achieved in the next few months should total 200 billion.

[Question] We were told by Mr Maystadt that the purchasing power could no longer be linearly diminished.

[Answer] This is a rather unwise statement. Everything points out to the opposite, i.e., that available revenue would be reduced further. The study made by the Kredietbank, which was speaking of a light at the end of the tunnel, indicated that available revenue would decline by 2.4 percent in 1986 and 1987. Comparing the share of the national revenue which goes to the families, we note that in Belgium it remains at 78 percent, compared with a European average of 75 percent and an average of 65 percent in Germany, where enterprises, therefore, are left more means at their disposal. The share allocated to families in Belgium will have to be reduced further.

Let Us Follow Germany

[Question] Mr Maystadt also said that should a problem of competition arise it should be resolved by means other than by additional taxation of salaries.

[Answer] However, no other solution exist. The governmental agreement excludes a Maribel operation with increased added value tax. A problem regarding the competitiveness of our enterprises arises. Our balance of trade has worsened greatly. Forty-five percent of our exports go to the Netherlands and Germany. However, during the first three-quarters of 1985 these exports dropped by 2.3 percent, whereas the other European countries have increased their exports to Germany and the Netherlands by 10.4 percent. Today our enterprises are handicapped by a 6.8 percent cost of wages compared to Dutch and German enterprises. If we want to benefit from the upsurge on the other side of the Rhine, we must base ourselves on German wages and not on a "colorless" average of seven countries. We must have the ambition of becoming the best.

The truth must be told. Between now and 1988 we must expect another drop in family income.

[Question] How could the deficit in public finances be reduced equally fast?

[Answer] Let me emphasize first of all that such an operation is also social, for a deficit in public finances benefits capital income and penalizes others. I believe that we must reduce social transfers and systematically link social expenditures, regardless of their nature, to family purchasing power. Social security should no longer be an insurance but become an instrument for solidarity with the most deprived. In another area, I believe that we can no longer be content by closing down government jobs by attrition. We must go further and reduce the number of state employees.

Verhofstadt: An Opportunity

[Question] Is the government prepared to go that far?

[Answer] The time to make a choice is here. The fact that Guy Verhofstadt joined the government is very important. His will to improve the state in-depth is still being underestimated. Those who believe that he will be another Willy De Clercq, prepared to compromise, are wrong. The young generations in Flanders want, as he does, to protect their future. They refuse any strings and budgetary tricks which mortgage their future. Personally, I will no longer accept any strings, such as deferred payments to officials or converting treasury bonds to long-term loans. Between 1983 and 1985 more than 20 billion in interest were thus deferred for later payment. Today a new operation of this kind is underway. This means not only postponing the solution of the problem but also paying a very high price. It has been estimated that such operations would cost an additional 8 billion in interest.

[Question] In terms of achieving such improvements, do you have greater faith in Verhofstadt than in Dehaene?

[Answer] Let us not pit one person against another. Everybody knows that unless the government is about to solve the problems the only solution will be the vicious circle of inflation and currency depreciation. Martens would like to succeed and not enter history as the man who doubled the public debt and he could benefit from a strong majority, supported by the electorate, and given special powers. This is the last chance for an entire generation of politicians...

Too Many French Speakers in the State

[Question] Should we concentrate all priority on economics and forget community problems?

[Answer] I used to think that the government was unwilling to plunge into community problems. That is why I was rather astonished to see Mr Maystadt question once again the agreement of the distribution of purchase orders for national defense. In August 1983 the government had decided that 54 to 56 percent of the orders would go to Flanders, 34 to 36 percent to Wallonia and 9 to 11 percent would go to Brussels. The current balance, however, is that Flanders has received no more than 40 percent and that the area in which it is

interested, helicopters, has not been resolved. Mr Maystadt would like to start everything from scratch, as though nothing had ever happened. This is impossible. Furthermore, if he joins the Walloon executive in demanding for Wallonie some of the telephone exchanges, Flanders would consider this unacceptable.

Mr Maystadt, together with some members of the PRL [Party of Liberty] would like to use public purchasing as a lever for Walloon renovation. Today there is a clash in Wallonia between big holdings and the state. Sixty percent of the Walloon economy survives, one way or another, from state orders and subsidies.

In Flanders, where the economic fabric consist mostly of small enterprises, industrialists neglected all too long the role of public purchases. We shall no longer be naive. The CVP will become very hard the moment the basis for distribution is raised. A future community debate will not deal with the possibilities of the areas but the keys governing the allocation of orders and the linguistic breakdown of state officials. The overall result should be a 60 percent allocation for Flanders and 40 percent for French speakers. The economic and human weight of Flanders demands putting an end to parity economics.

[Question] Is this a question of Flemish arrogance?

[Answer] In 1979 I pleaded in favor of Flemish arrogance against the FDF [Democratic Front of Brussels French Speakers] and the RW [Walloon Rally]. Today, however, when these parties no longer exist, we need intelligence and combativeness rather than arrogance in order to defeat some Maystadt or Gol strategies. The same applies to the Limburg mines. I share Mr Maystadt's view when he emphasizes that we should not go back to national financing. We could resolve the problem on the basis of the loss of succession and by applying the very difficult plan of rationalization, which should reduce by one-half two of the losses of the mines within a 4-year period. However, I do not like the vengeful tone of voice of some Walloons such as Maystadt. The latest figures on aid to five national sectors indicates that no more than 49 percent of the aid went to Flanders. Maystadt is in very poor position to teach Flanders lessons.

5157

CSO: 3619/25

ECONOMIC

BELGIUM

COCKERILL STEEL FIRM EXPECTS LARGE LOSSES IN 1986

Brussels LE SOIR in French 22 Jan 86 p 2

[Article by Guy Depas: "The End of the 'Myth' at Cockerill: Levy Expects Losses of 4.5 Billion Francs in 1986"]

[Text] It has been known for a long time that in the steel industry reality easily tops fiction. But to this extent?

Cockerill-Sambre, as always, expects a net loss of 4.5 billion francs for the year which just started. This following a loss of approximately 6 billion francs in 1985 and prior, as some informed observers stress, to a probable loss of more than 2 billion yet in 1987.

Before proceeding with the slightest depreciation, the operating deficit, which according to the "plans" should have been at worst zero in 1986, is expected still to amount to about 500 million francs. A sum which, in accordance with the European rule, the public authorities, whether they are national or regional, cannot make up with additional aid... unless this is accompanied by additional closings of factories, that is to say by an additional destruction of production capacity...

The board of directors of the Charleroi-Liege company is supposed to be officially notified of these somber predictions on Thursday. These predictions are even darker than the most pessimistic ones voiced only a few weeks ago by the president and managing director of the company, Raymond Levy, who talked about a possible deficit of 4 billion francs for the current fiscal year. Predictions which deviate -- and to what an extent! -- from what Jean Gandois had announced when he was general representative of the government at Cockerill-Sambre. According to the "Gandois plan," a balance of the accounts had initially been promised for the end of 1986. But, given the delay in implementing his project, the French consultant allowed for pushing back the deadline by 1 year, and estimated the net loss for 1986 at a maximum of 2 billion francs...

Instead it cannot be expected that the accounts will balance at zero before the end of 1988 at the earliest, and even then to the extent that: 1) sale prices do not continue to drop; 2) internal economizing within the enterprise is really implemented; 3) the announced reduction of manpower -- 2,000 individuals this year -- is carried out.

No conclusion has been annexed to the Cockerill-Sambre budget. However, its authors stress that the financial costs and those of depreciation hardly vary at all, that the expected exceptional results have strongly declined and that the gross result of the divisions represents a 2 billion franc improvement over 1985.

On the positive side, one should note: a drop in supply costs; an increase in productivity; a reduction of manpower.

On the negative side, one should stress: poor maintenance of sale prices for steel; too high a level for the cost of hourly wages.

According to some reports, it is not excluded that among his recovery measures, Raymond Levy will propose a reduction of unit wage costs. Which could mean that he would request to reduce the cost price per man to the level provided by ARBED, for example, a reduction not necessarily of pocket wages but in any case of employers' social contributions. A kind of expedient which Mark Eyskens did not exclude as a matter of fact when, as minister of economic affairs, he was forced to accept the European rule of the absolute end of any subsidy by the end of 1985...

Moreover, Cockerill-Sambre -- like the rest of the steel industry as a matter of fact -- is said to be getting ready to challenge the price of supplying factories with electricity. This is a handicap estimated at 2 billion francs per year for Belgian steel compared to German, French or Dutch competition. Isn't it said that the surplus cost of electricity in our country proceeds from the indirect subsidizing of the Limburg mines? Which inevitably puts the issue back into the political area. At a time, moreover, when Philippe Maystadt's statements relative to the regional distribution of orders from the central government, designate the Walloon successor of Mark Eyskens at the Ministry of Economic Affairs, as favorite target for the radicals, including the Flemish Christians...

8463

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ECONOMIC

DENMARK

SLOWER GROWTH FOR INDUSTRIAL EXPORTS REPORTED

Copenhagen BERLINGSKE TIDENDE in Danish 6 Feb 86 Sect III p 8

[Text] The domestic demand has brought about an increase in industrial turnover. Export orders have, at the same time, dropped by 10 percent in current prices. The number of employees in industry was in November at almost the same level as in October of last year.

It appears from a report published last Wednesday by the Department of Statistics on the total volume of orders and turnover of Danish industry that the trend of industrial exports for December of last year confirms the fear on the part of economists that exports will increase at a slower rate in 1986 than in 1985.

According to the figures of the Department of Statistics, the volume of orders received does not indicate any reversal of the trend of industrial exports. The total volume of orders received increased in current prices by 4 percent from December of 1984 to December of 1985. The figure, however, reflects a decline in current prices in the volume of export orders received by 18 percent and an increase in the volume of orders from the domestic market by 15 percent.

As will appear from the report of the Department of Statistics, it is thus the domestic demand which has caused the increase in industrial turnover.

The turnover of industry in current prices was 12 percent above the December 1984 level on the domestic market, while the export turnover--also in terms of current prices--dropped by 1 percent. In terms of volume, the increase was 5 percent, and in terms of current prices, the volume of orders received was 4 percent higher. At the end of the month, the volume of orders received was 18 percent higher in current prices than at the end of December of 1985.

The number of employees within the industrial sector was in November almost unchanged compared to October of last year (395,200 as against 395,900). Compared to November of 1984, there has been an increase of 25,000 from 369,900. The increase in the rate of employment is still highest for male wage and salary earners.

In terms of index figures, the rate of employment among industrial workers increased from October to November from 105.4 to 106.2. In November of 1984 the index figure was 100.7.

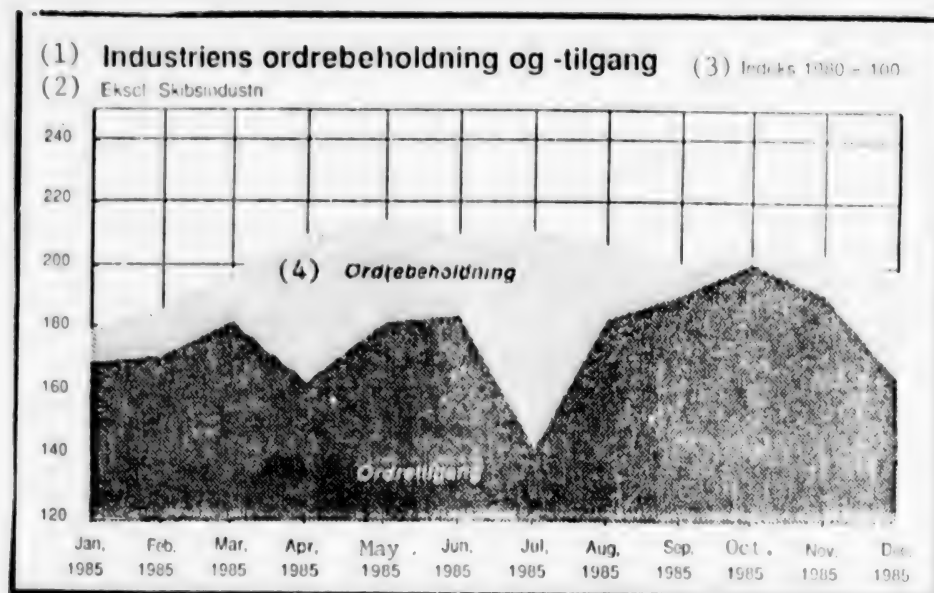
Verner Puggaard, department chief, the Federation of Danish Industries, sees no great reason for concern about the continued growth of industrial exports, although the rate of growth in the influx of industrial export orders was lower in December.

"On the face of it, the figures do not look good, but the reason is first and foremost the declining dollar rate of exchange throughout the latter half of 1985 as well as a slight slackening of the boom in the Western countries toward the end of the year.

We are aware of the fact that only at the end of the year will the majority of Danish enterprises adjust the value of the orders on their books from the rate of exchange in force at the time when the orders were received to their current value. The value of order books as well as incoming orders thus declines. In this context, it should be noted that the dollar rate of exchange dropped by upwards of 18 percent in 1985 and the sharpest drop occurred during the last quarter of 1985," says Verner Puggaard.

The fluctuating dollar rate has caused problems especially to the Danish furniture export to the United States, and it is, indeed, also within this branch of industry that the largest reduction in order books and the rate of new orders has been experienced.

"A lower dollar rate, at the same time, results in a lower purchasing power on the part of the Americans, which explains the slowdown in the otherwise promising furniture export to that country. However, things will probably be straightened out once the consequences of the declining oil price and dollar rate of exchange will produce their effect especially on the near markets in Western Europe. We expect a continued increase in exports this spring once the purchasing power increases and thus creates an increased demand both in the EC countries and the Nordic countries," says Verner Puggaard.



Key:

1. Industrial order books and order intake
2. Shipping industry not included
3. Index 1980 = 100
4. Order books
5. Order intake

7262

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

ACADEMICS, POLITICIANS URGE INDUSTRY-UNIVERSITY COOPERATION

Bonn DIE WELT in German 8 Jan 86 p 3

[Article by Peter Philipps: "Universities, Agencies Collaborate, Industry Flourishes"]

[Text] Over the past few years, technology transfer agencies have been sprouting up which act as intermediaries between the universities and business--particularly small and medium-sized operations. The Silicon Valley model has now been adapted to use in the FRG.

Peter Glotz, the then senator for science in West Berlin, a man always open to new ideas, was one of the political founding fathers of the technology transfer agencies in the mid-seventies. As things quieted down at the universities and the so-called 1968 generation left school, relations between the business world and the universities became less strained and less ideological once again. For another thing, it was high time that this happened in view of the trends in international economic competition--and it was Berlin which took the lead.

By now, the idea of a service agency which promotes industry access to the university manpower pool, which acts to remove the fears of the actual workforce and at the same time has its eye out for parties interested in research projects and research findings like a kind of marketing organization has proven itself and been copied. At this time, there is a veritable network of such agencies throughout the FRG--according to the motto: let one thousand Silicon Valleys bloom.

One of the most recent among these is the Hamburg Institute for Technology Transfer which is tied to the technical university at Harburg and which assists in the establishment of business firms after the Silicon Valley model. But Hansjoerg Sinn former senator for science for Hamburg, has indicated that things are still far from ideal; that small and medium-sized businesses are still uneasy about entering into some kind of relationship with the universities. "Of every 100 ideas about 95 come from the Technical University and only five from business," he says. "Twenty percent of the ideas are under review and 10 percent are about to be realized." And Walter Eversheim, a

professor at Aachen Technical University has this to say: "One frequent reason why the university-business connection fails to work out is overly scientific language in the documentation and things like that."

For all that, the process is supposed to be simple enough. The owner of a medium-sized business takes his problem to the nearest university, then presents the matter to the transfer agency and soon thereafter gets his answer from the university experts. That is in fact the way it works now and then. But according to Sinn, the recurrent problem is that the businessman and the scientist cannot agree on basics. The small and medium-sized businesses are unable to generalize their specific questions and the universities, on the other hand, are accustomed to deal with general scientific problems. For this very reason, Sinn finds, "there really is no other way than to set up and promote such agencies" which act as interpreters between the two sides. Part of the problem is being resolved not only because the two sides are getting used to each other's ways but also because particular problems are now referred to doctoral candidates by their professors who then supervise the work they do on their dissertations.

Juergen Starnick, the vice president of the West German conference of university presidents and himself president of Berlin Technical University until a few months ago, calls the technology transfer agencies "a window to industry" created by the universities themselves. "One can tell from the outside looking in that the universities can be talked to," he says. Bernhard Vogel, the minister president of Rhineland-Palatinate, now also has plans to promote this idea. He has appointed a committee of experts to look into the question of how "the technical know-how available at the universities and research institutions can best be transferred to the production process." The fact that this or that student council still thinks along the old lines, complaining about an alleged "sellout of science" has become virtually meaningless by this time.

Next to the Berliners, those who have the most and longest experience with this system are the Ruhr University in Bochum and the Technical University at Aachen. Bochum's "unicontact" emissaries, for example, attend industrial fairs and set up seminars for representatives of interested industries. Wolfgang Budach, who heads the transfer agency, believes that the influx of third-party funds to the Ruhr University (amounting to DM 41 million in 1984) is in no small way due to the activities of "unicontact"--and the clients, we are told, are satisfied.

The chambers of commerce stand ready to assist in all these technology transfer activities. This may have led to a gradual widening of perspectives and--not only in the case of Hamburg-Harburg--to a trend in personal transfer, i.e. the establishment of new businesses particularly by alumni of the university itself. "All the disadvantages of technology transfer are compensated for," says Eversheim, "if the inventor takes his own ideas along with him into industry and realizes them there and thus is personally motivated. Inventor and innovator are much the same." This, after all, was the Silicon Valley formula of success where several hundred small and medium-sized businesses grew out of the Stanford Industrial Park in a small area near Stanford University close to San Francisco in the space of 20 years.

At Aachen, Eversheim has begun to turn this idea into reality. Next to Berlin, the city of Dortmund has gone one step further. The chamber of commerce and industry has been the moving force behind the establishment of a center associated with the university. Managing director Aden reported recently that demand was such that they might soon have to go into the second phase of construction. Essen, on the other hand, has barely started: a catalog has been printed which lists some of the services the university might be able to offer to industry. But the city, the chambers and the municipal savings bank have already developed plans for the next stage--which is a technology park.

One other aspect of technology transfer which has been tried here and there is the exchange of personnel between industry and the universities with the university researcher getting hands-on experience in industry for a limited period of time and the industry jobholder moving over into academe for the same period.

But it is at this point that complaints about the bureaucracy and the politicians crop up again who are in the habit of mentioning the need to provide aid for technology in just about every speech they make. At the next-to-last meeting of the founders association at Villa Huegel [in Essen], Eversheim put it this way: "Over the past several years and even now, legislation, directives and regulations have been forthcoming which were prepared by outsiders and which render the exchange of personnel between the universities and industry as well as the cooperation between business firms and university institutes more difficult and/or impossible."

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CSO: 3620/212

ECONOMIC

FINLAND

TRADE MINISTER SEES MORE DIFFICULT EXPORT MARKETS IN EAST, WEST

Helsinki HELSINGIN SANOMAT in Finnish 4 Feb 86 p 26

[Article: "Foreign Trade Minister Jermu Laine: Outlook for Finnish Exports Still Decent"]

[Text] Turku--Last year's general slowdown in the growth of foreign trade concealed the fact that exports made enormous gains in many areas, according to Foreign Trade Minister Jermu Laine.

Laine claims that the outlook for Finnish exports is not all that bleak: in trade with the East, the impact of the drop in oil prices should not be exaggerated; in trade with the West, cheaper oil may have a stimulating effect on the countries Finns do business with.

Laine points out that Finland has a trade surplus with all the other Nordic countries. The diversified new exports have developed nicely and, for example, with respect to services, there is obvious room for growth in foreign trade.

"We have the know-how and it is in our power to increase exports, nor is there any reason to be astonished," said Laine, who spoke at the harbor ceremonies in Turku. Encouraged by the strong footholds attained in the tough Nordic markets, he now urges Finns to step up their export efforts in the direction of West Germany, for example.

In Laine's opinion, the last few years have shown that the Finns have the know-how. "Even if things are going badly somewhere else, the situation can still be prosperous in our country--and justifiably so."

Though many countries, such as England and Sweden, support their problem areas, Laine believes there is no reason to start subsidizing orders for ships made in domestic dockyards, for instance. "We cannot afford it, and Sweden is an example which serves as a warning against such."

On the other hand, the state could take measures to lighten the interest burden on the conduction of natural gas into western Finland. The way is also being cleared for an increase in coal imports from the Soviet Union, and trial consignments from Siberian coalfields are on their way to Finland.

12327

CSO: 3617/66

ECONOMIC

FRANCE

BANKERS EXPRESS CONCERN OVER BAKER PLAN

Paris LE NOUVEL ECONOMISTE in French 3 Jan 86 p 50

[Article by Jacqueline de Linares: "Suspensions of the French Bankers"]

[Text] To help overextended countries get out of the red is a good thing. To gain a few political laurels from it is normal. Well, perhaps not if the bulk of the cost is entrusted to others... Could the United States also be Machiavelian?

The French bankers are worried: they suspect the Reagan administration of wanting to use them to get the overextended countries out of the red, while reaping the political benefit of the operation. Hence the cautious approval they gave a few days ago, as did their Japanese and British colleagues, to the "Baker plan" introduced in early October in Seoul by the American Secretary of the Treasury. To want to help countries whose debts threaten the international financial balance regain a decent growth rate is a matter of "common sense," as a banker from Paris commented. It is a complete turnabout on the part of the Americans, who until then had advocated brutal adjustment policies carried out by the IMF, but the idea was in the air. "We have been recommending that for ages," they said at the Ministry of Economic Affairs.

Located on the front line of the new battle against Third World debts, the commercial banks have been invited to pay \$20 billion in supplementary credits, over a period of 3 years, to 15 seriously indebted countries. But for lack of details about its implementation, the initiative from the American secretary arouses a "serious concern" among the bankers, as Mr Jacques Mayoux, president of the Societe Generale said at AGEFI last week.

Already, the initial choice of countries -- essentially South American -- too obviously inspired by the Monroe doctrine, had annoyed the bankers on this side of the Atlantic. Pushed by the Europeans and particularly the French, it was said at the Ministry of Economic Affairs, Washington ended up accepting in addition to the 10 "Latinos" Morocco, Nigeria, Ivory Coast, Yugoslavia and the Philippines. Furthermore, the Europeans virtually obtained the assurance that this list is only indicative: other countries will be able to take advantage of it.

The French bankers grumbled at the distribution of the new burden provided by the plan. They felt that it was not fair. Under the pretext that the Americans carry only one-third of the debts of the countries concerned (the French, 8 percent), they considered a proportional contribution to that indebtedness: the American financiers would contribute only \$7 billion of the credits provided, while their counterparts in Europe and Japan would divide the remainder, that is to say the heaviest burden, among themselves: \$13 billion. Hence, an American plan but financed primarily by foreigners. "Clever," commented the manager of a large bank. Thus, French officials unanimously noted, "the French banking community need not feel inferior. Comparatively it has provided a much superior effort with regard to the countries in debt than have the others." Mr Mayoux recalled: carrying by French banks in the 15 "Baker countries" between the end of 1982 and this summer is said to have increased by 5.7 percent, whereas that of American banks grew only by 0.6 percent.

Another subject for concern: the roles of the IMF and the international banks in the implementation of the plan. The share provided for the World Bank -- \$9 billion -- was judged to be insufficient relative to the \$20 billion requested from the banks. The French financiers are counting on the international organizations getting a little wetter than what has been announced.

Gendarme

There will be no question either of playing good Samaritans without joint efforts among the plan's beneficiaries: to this effect, the French would like to have a guarantee that the IMF will remain at the heart of the arrangements and will continue to play the role of gendarme in the countries concerned.

For Mr Jean Peyrelevade, president of the Suez Finance Company and president of the French Association of Banks [AFB], the success of the Baker plan also depends on macro-economic policy commitments over which the French do not exercise much influence at all: "It will be necessary to ensure a sufficiently high growth rate and sufficiently weak interest rates for the debtor countries, but the economic and budgetary policy of the United States escapes us. Although it is that policy which will play a decisive role in the possible success of the plan."

Worried, but resigned, the French bankers are aware that they will in any case have to "spit in the bowl," as one of them observed prosaically.

Suddenly, they are taking advantage of it to demand compensation from their government. The old debate about the banks' capacity to stock up letters of credit from the indebted countries and the question of tax treatment of those stocks reappeared. In the eyes of the French bankers the Baker initiative will have had at least this merit: to give old demands new weight.

8463

CSO: 3519/119

ECONOMIC

F. --

FOREIGN TRADE DEFICIT REVIEWED

Paris LE NOUVEL ECONOMISTE in French 24 Jan 86 p 41

[Article by Gilles Le Gendre: "Autopsy of a Deficit"]

[Text] With a foreign trade deficit of 24 billion francs in 1985, the government has lost its wager. But the drop in the prices of the dollar and of oil and the latest deliveries of the Airbus are trump cards for the future.

We have never seen three jokers in the same card game. After the good showing on inflation, a high trump card being played by the majority in the election campaign, and the unemployed trump cards presented as a partise victory, what the government is lacking is the foreign trade card: a deficit of 3.4 billion francs in December and 24 billion in 1985. "These are disappointing figures," acknowledged Mme Edith Cresson, on her return from Moscow, with her suitcases filled with 9 billion francs' worth of new contracts with the Soviets. The figures are disappointing with respect to the 1984 balance sheet (a deficit of about 700 million francs less) and the official surplus objective set at 2.4 billion at the beginning of the game.

Was this the checkmate of a policy, as it was judged immediately by the leaders of the opposition? It is not that certain. When austerity was still up in the air in 1982, the deficit reached 93 billion. Therefore, we have traveled a long way. The more so because the balance of payments, a concept the experts have suddenly preferred to that of the balance of trade on the speakers platform or the balance sheets used for electrical purposes, has a very good chance of being positive.

What is more, to speak of austerity again in 1985 does not make a great deal of sense. Pierre Berégovoy's mini recovery put an end to the famous growth differential with other countries. According to INSEE [National Institute of Statistics and Economic Studies], imports increased more quickly (up 4.6 percent in volume) than exports (up 3 percent). The figures for the leap forward in imports of household appliances (up 9 percent in value), of everyday consumer goods (up 9.9 percent), and of automobiles up 13 percent) speak for themselves. Not to mention capital goods (up 12.2 percent), thanks to the resumption of investment.

An improvement in exchange rates and a record agricultural food surplus (up 31.1 billion), however, has permitted France to experience this recovery at the lowest cost. Surprise: it is not oil purchases that are benefiting most from the drop in import prices. A somewhat more expensive dollar on the average than 1984 (8.84 francs compared to 8.73 francs) and a less costly barrel of oil more or less offset one another. Therefore, the energy factor has changed little: 180 billion instead of 187 billion. But moderation in foreign prices is preventing the industrial surplus (82.8 billion compared to 97.1 billion) from becoming a Berezina.

This mediocre showing by manufactured goods has revived the debate on the competitiveness of the "Made in France" logo. "That is not the problem," Cresson asserted, while congratulating herself on the fact that the deficit with Germany (28.6 billion) is no longer increasing or that for the first time since 1950, the trade balance with the United States is positive (plus 2.1 billion). Rue de Grenelle prefers to bring up the subject of the decline in big contracts. It is true that arms sales have peaked (35.2 billion compared to 37 billion), that Airbus sales have not been as good (17.1 billion compared to 20.4 billion), and deliveries of ships and oil platforms are practically nonexistent. The collapse of exports to OPEC countries (down 18.7 percent) finds its origin in the drop in orders experienced in 1983.

However, France again lost shares of the market in 1985, although end-of-year alarmist estimates have to be tempered. According to the Directorate of Economic Forecasts, the demand for manufactured goods addressed to France increased only 3.5 percent in volume in 1985 rather than the 5 percent everyone expected. Since French exports have increased 2.5 percent, the loss of shares of the market is now being estimated at 1 percent (instead of 2.5 percent). However, these lost market shares are added to a long standing decline in the percentage of French sales in the developed countries estimated by National Bank of Paris at 1.7 percent (7.6 percent compared to 9.3 percent from 1979 to 1984).

The key question for 1986: Will it be necessary to offset France's lost ground by means of monetary realignment within the EMS? "French costs are still 3 to 4 percent higher than those of the Germans," an INSEE expert maintains. In any event, the answer to that question may prove to be more than economic. And other favorable developments for France could well make concerns about its competitiveness of secondary consideration.

Thus, in 1986 rather than in 1985 the drop in oil and dollar prices should have a full impact on foreign trade figures. A 5 percent drop in one or the other would reduce the trade deficit by 9 billion francs. And the benefits from the rise in value of civilian contracts signed in 1985 (particularly Airbus) will fall right into the coffers of future governments. There is one thing that does not change. When asked about the balance sheet of her 3 years at the head of the French foreign trade sector, Cresson still answers, "I need 2 more years."

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ECONOMIC

GREECE

FINANCIAL DIFFICULTIES OF SOCIAL INSURANCE INSTITUTE

Athens I KATHIMERINI in Greek 6 Feb 86 p 1

/Excerpts/ The IKA /Social Insurance Institute/ will raise a new 97-billion drachma loan so as to be able to meet its current obligations. With this loan the IKA debt will reach 260 billion drachmas if the 185 billion drachmas that it borrowed between 1982 and now are included.

According to the 1986 budget that the IKA board submitted to the administrative council, the loan will cover more than the 26.7-billion drachma organizational deficit that is expected this year, 31 billion drachmas in interest and 34 billion drachmas in amortization that relates to loans of previous years, without, of course, the debt being paid off. The budget of the National Insurance Organization also foresees revenues of 303.6 billion drachmas compared to the budgeted 237.8 billion drachmas for 1985 and increased expenditures of 330.4 billion drachmas (220 billion drachmas in 1984 and 272.4 billion drachmas in 1985).

Of the IKA expenditures, a sum of 248.5 billion drachmas is set aside for pensions, 68.6 billion drachmas for health expenditures, 9.02 billion drachmas for administrative expenditures, 2.3 billion drachmas for IKA-TEAM /Auxiliary Insurance Fund for Salary and Wage Earners/ and IKA-ETEM /Special Auxiliary Insurance Fund for Salary and Wage Earners/ expenditures and 1.8 billion drachmas in reserve funds.

The budget also provides for the following: 13.2 billion drachmas (9.6 billion drachmas in the 1985 budget) for medical assistance, 16.2 billion drachmas (15 billion drachmas in the 1985 budget) for pharmaceutical assistance and 18.8 billion drachmas (17.4 billion drachmas in the 1985 budget) for hospital assistance.

5671
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ECONOMIC

GREECE

REASONS FOR PROBABLE FAILURE OF ECONOMIC MEASURES

Athens I KATHIMERINI in Greek 6 Feb 86 p 5

/Editorial: "Problems and Solutions"/

/Text/ The minister of national economy and the prime minister are evidently continuing to believe that the economic measures that they put into effect last October will succeed, i.e. to decrease the foreign exchange deficit of the country's foreign accounts. Their optimism stems from their refusal to appreciate in its true dimensions all that is happening in the economy and consequently in their inability to adopt effective solutions.

What is clearly being described as going to happen is altogether the opposite from official expectations. Not only will our foreign exchange revenues not increase and our payments not decrease but the latter will actually increase without anything predicting an expansion of exports.

Revenues from tourism reveal their final net profits being limited in two ways. First of all because the devaluation of the national currency reduces the yield of foreign exchange per foreign visitor and secondly because the increase in the number of foreign visitors necessitates the import of a variety of products for their consumption needs. In other words, greater foreign exchange expenditures are necessitated. Moreover, remittances from emigrants are continuously decreasing not only because the number of emigrants is dropping but because they have been convinced that so long as they delay converting their money reserves into drachmas they will represent more drachmas in the future because of new devaluations.

Transfers of private capital will also show a downward trend because of the devaluation of the dollar that becomes one more discouraging factor for the realization of foreign exchange revenues from that sector. Finally, a strong blow to attempts to save foreign exchange will be developments in the fields of health and particularly hospital care. And this is one side of the "health" problem that will occupy government officials when they begin implementing provisions of the famous ESY /National Health System/ by stripping hospitals, quantitatively and qualitatively, of their professional personnel.

The trend among the Greek people to seek better medical and hospital care abroad was motivated by their assessment that Greek hospitals had neither equally specialized doctors, as compared to their colleagues abroad, or modern equipment.

Nevertheless, the trend had begun to slow down after hospitals began to be equipped with quite a lot of modern equipment and to be staffed by professionals who had specialized abroad and also following official assurances that the state budget would allocate all the money necessary for health.

The implementation of the ESY forcedly upset the course of this favorable psychological climate of development by consolidating and generalizing the belief that flight from the Greek hospital care system constitutes a presumption of hope of recovery from serious illnesses!

The expenditure of foreign exchange that the dramatic experiment of the last few days has entailed, with the stripping of hospitals of their professional personnel, while there is no certainty that a sick person will ever again be closely followed because of the successive strikes by doctors, nurses and technicians, is not limited only to sick persons who want to seek care outside of Greece. It extends also to tens of thousands of other citizens who have engaged in illegally sending foreign exchange abroad so as to have it available if they have to travel abroad for health reasons.

It is indeed striking that only those who do not have the financial possibilities are the ones who are not now talking about how they can manage to deposit sums in a foreign bank that would permit them to face, without any pricks of conscience over indifference, any possible health problems of family members. These illegal, but so humanly justified, transfers of foreign exchange abroad represent ever increasing sums. It is the national-financial aspect of confusion provoked by the ESY since it was preceded by confusion over health becoming partisan!

So, neither will the goal that was designated to decrease the foreign exchange deficit be attained, with the price being the collapse of productive activity, the discouragement of even small investments that could be advanced, the downgrading of the workers' standard of living, the removal of their constitutionally safeguarded rights, such as the negotiation of their wages. It would have been very peculiar if the opposite were to occur. The problem, as revealed in a most convincing manner by ESY's vicissitudes, is not financial in nature; it is primarily political. And the political problem cannot be resolved either through Mr Papandreou's lectures on how capitalism will come out from its crisis or through partisan declarations in the interior of the country that aggravate the crisis of our capitalist system! The solution can only be political in nature.

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ECONOMIC

ITALY

MONTEDISON, USSR NEGOTIATE OVER PLANT IN STAVROPOL

Milan L'UNITA in Italian 19 Dec 85 p 9

[Article by Giulietto Chiesa: "Billion-Dollar Megacontract in USSR for Montedison and ENI"; first paragraph is L'UNITA summary headings]

[Text] Moscow--According to Schimberni, who met the Soviet leaders, signature is now near. Plant in operation at beginning of nineties. Judgment on Kremlin's "new men."

Another "big coup" for Italian industry on the Soviet market. The president of Montedison, Schimberni, informed journalists that negotiations for a colossal billion-dollar plant to be constructed in the USSR have now entered their final stages. Prudent in his utterances, Schimberni did not want to get ahead of events. He said that the fierce Japanese and European competition has not yet given up, and that the Soviet authorities must still complete some technical tests before January 10. After which "we'll be in the thick of the commercial and financial bargaining." But the impression was left that the biggest part has been done. The petro-chemical facility will be built in the environs of the little town of Prikunsk in the Stavropol region.

Working on it--and here is a very striking innovation--will be a mixed public-private consortium, composed of ENI (National Hydrocarbons Agency) and Montedison. "Italian chemicals went in united," Schimberni emphasized, adding that the two consortium partners are in a position to furnish not only petro-chemical technology, but also a continuous flow of know-how to completed plants, allowing them to remain at state-of-the-art levels both in basic and in applied fields. Montedison in fact boasts some 40 plants built in the USSR, all presently operating--added the president of the Italian corporation--despite the extremely varied climatic conditions under which they have been operating for years. Schimberni, who met, among others, the vice president of the Council of Ministers, Ryabov, the chemical minister Listov, and the vice minister for foreign affairs, Rizhov, said he had gained the impression that "the good relations established by Craxi and Andreotti with the Soviet Union are effective and prudent measures needed for successful economic relations with that country. "Naturally," he concluded, "as long as Italian industry can be competitive on a world level."

Impressions of the working climate found in Moscow? Schimberni said "the new man" he met on this visit left him very favorably impressed. "Concreteness

and efficiency" seemed to him greater than in the past. In short, a real "change of pace." The new plant is to go into operation at the beginning of the nineties and will be endowed with very advanced technologies to meet specific and detailed requirements. But this isn't the only iron in the fire. Other, smaller negotiations are being finalized, and should go into force before the end of January 1986. Further, a special meeting of the joint Montedison-ENI/Soviet Science and Technology Committee commission, also scheduled for January, will be devoted to looking into a long-term research and study program. Schimberni fully explained to his counterparts, in addition, Montedison's new structure as an industrial holding company, with a motto very attractive for the Soviets: science, research, applied technology. They professed themselves "very interested." Thus, in substance, our balance of payments deficit should receive another push after the one it got from the Italimpianti megacontract. Also to be recalled are the negotiations initiated by Fiat as well, for the creation of large-scale facilities. This is bigger business than that agreed to in the sixties, that led to the construction of the great Togliattigrad facilities.

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ECONOMIC

ITALY

BRIEFS

PRIVATIZATION OF AERITALIA--More than 30 percent of the capital of Aeritalia, the airline corporation of IRI (Industrial Reconstruction Institute) and Finmeccanica, will be privatized. The operation will be formally initiated this very day on the occasion of Aeritalia's stockholders' meeting. The reduction of the nominal value of a share from 10,000 lire to 1,000 lire will also be decided upon in this forum. IRI and Finmeccanica will seek stock-market listing for the stock, presenting CONSOB (National Corporations and Stock Exchange Commission) a request for admission to the Milan, Rome and Naples exchanges. The offering price will take account of the valuation made by the managing committee of the Naples brokers, Naples being the city with territorial jurisdiction in view of the corporation's headquarters. The sale of Aeritalia shares forms part of a complex operation that provides initially for an increase in capital, at par, from 250 to 300 billion lire, at the expense of the present shareholders (IRI as to 20 percent and Finmeccanica as to 80 percent). The shares will be placed half directly and half in the form of treasury stock corresponding to an IRI bond issue with warrants for the acquisition of this stock, exercisable 2 years after the bonds are sold. The proceeds of the bond issue will be remitted as financing to Aeritalia, which will assume all the obligations thereof. The share of capital that will have been placed after the warrants have been exercised will not be less than 32 percent of Aeritalia's corporate capital. It is thought that the overall proceeds of the placement could reach an order of magnitude equal to about 200 billion lire. The definitive terms and conditions of the placement operation will be published after the completion of required paperwork and the release of a favorable opinion by CONSOB. [Text] [Milan L'UNITA in Italian 18 Dec 85 p 10] /8918

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ECONOMIC

NETHERLANDS

LUBBERS ON BUDGET CUTS, UNEMPLOYMENT TRENDS

Amsterdam ELSEVIERS WEEKBLAD in Dutch 18 Jan 86 pp 6-7

[Article by Piet Goosen and Henk Schol: "'I'll Accept That Challenge: 500,000 Unemployed in 1990'"]

[Excerpt] The Lubbers cabinet came to office at the height of the economic crisis. A gigantic budget deficit, 150,000 persons unemployed each year, and discouraged businessmen completed the picture. Since then, things look considerably different. But the job is not yet finished. Lubbers wants to keep going, together with the VVD. And as for the cruise missiles? A thing of the past.

[Question] In other words, a continuation of major budget cuts during the coming cabinet term. Is it possible to say where the axe will fall? Already now there are hints of once again giving public officials more buying power, for example.

[Answer] "Yes, you could ask yourself if that is still possible, just managing buying power alone. It's a tradeoff: either higher wages with a definite reduction in the number of public sector workers, or, keeping public officials on the payroll. At any rate, I think that the government's total wage bill may not increase in real terms."

[Question] Yet another place for making cuts: support measures for business. After all, couldn't they gradually be diminished somewhat?

[Answer] "You have to deal with that carefully. You must remember that such support has of course been a sensible investment in recovery and that the recovery is not yet complete. But in the case of such measures on behalf of business we are in fact dealing with a very great amount of money, something on the order of 10 billion guilders. It therefore makes sense to gradually reduce this upon returning to a normal situation. An extra legal reason for doing so lies in the fact that the amount is so high, in part, because it is partially financed from the income derived from natural gas. This has now declined sharply, thus this source is now less. The third reason is a trade-off: If you were to reduce such financial support for companies, you would then do so primarily for budgetary reasons, that is to say, for considerations related to natural gas. Or do you want to bring about a shift in the tax

cut from business to the private citizen or to solve the budget problem first. Of course, you could also mix these two, that's a policy matter."

[Question] A comprehensive tax cut for private citizens, for employees, can have a beneficial effect upon the development of labor costs.

[Answer] "Correct. These are related issues whereby social insurance contributions are also included, of course. In the long run, we must really continue to aim for a very cautious approach to labor costs. I see no reason for an overall increase in wages, to put it in practical terms. With the exception of so-called 'specific premiums' for shortages, competence, and the like. Why don't I see such a reason? We have now been able to reduce inflation to a very low level. We are experiencing cuts in taxes and social contributions. Buying power is remaining more or less stable. This has made a moderate development in wages possible. That's why the citizen is now saying: 'Of course, that's right! My buying power is staying stable and job availability is starting to grow again! We are now on the right path. The trick is to continue this policy.'"

Less Critical

[Question] The biggest hump is in 1987. Will things get somewhat quieter with the cuts after then?

[Answer] "Yes, but there is of course an additional, very important given. Something which should be heeded much more than the natural gas issue. It is, namely: To what extent will we succeed in putting more people to work? To the extent that we are successful in this, the problem area of adjustment will become less critical. By means of better coordination with the labor market, together with more training and retraining, at least 100,000 people per year should be put to work. In this way we'll be able to broaden the support basis. This is extremely essential. Don't forget also that we are faced with a question of aging. Those extra costs, offset by the lower costs for younger people, already now amount to, say, 800 million guilders per year. And naturally the society is always presenting new desires that cost money. The moment will come, for example, when municipal governments will have to establish new building sites for business. Yes! We haven't experienced that for about 10 years now, but the time will surely come once again. In the meantime, however, we will have to make do with a frugal government."

[Question] But no more minus lines, at most a zero line.

[Answer] "A zero line in real terms for the public sector, yes. Maintenance of buying power if at all possible. And thereby attempt to keep the development of wages on the same course. Provide as much leeway as possible to what we call the third track, job availability."

[Question] But no 32-hour working week. What else do you have to offer the trade union movement in exchange for wage moderation?

[Answer] "We continue to support general reductions in working time, it's just that we find the tempo of 32 hours by 1990 too ambitious. You have to do things more gradually and in a more differentiated manner. That is why we should encourage part-time jobs and continue with the early retirement process, even though it is quite expensive."

[Question] Those things are already functioning, employees have already been helping to pay for them for several years now. Is this all that you have to offer?

[Answer] "Well, I think that this is more than nothing. In addition to this there is also the general policy that makes it possible to maintain buying power even in the absence of wage increases. Even for those persons whose cause is pleaded by the union movement, those without work. I would also be sincerely willing to support the unions if they saw a chance for including certain stipulations in their collective labor agreements--even if they would be only procedural in nature, because they would have to be tailor-made--which stipulations would be aimed at including more people in the company or in that branch of industry. We are supporting this in the field of education and training."

[Question] And for this reason you want a multiple-year social contract.

[Answer] "Yes. Why is that so important? If you gradually want to decrease such tax cuts for business, it is more responsible to do so in connection with comprehensive moderation in wages. But then again, comprehensive wage moderation should only be demanded together with comprehensive cuts in taxes and social contributions. Right? And in order to complete that box,"--he draws in the air--"you have to show that more people are being put to work. This isn't just a point for the trade unions, but also for the employees. Because you hear more and more businessmen saying: 'I would indeed like to expand, but I can't find the right people.' Here the investment in human capital is thus a joint affair!"

[Question] The most difficult question appears to be: Will people continue to be satisfied to put up with the management of buying power? Will they continue to accept that for a number of years?

[Answer] "Yes, of course!! I'm sure of it. As long as you are just able to give credible reasoning why an overall wage increase is not yet possible. We must therefore carry out a policy of moderate price development plus, to the extent necessary, cuts in social contributions and taxes. But perhaps even more important is the fact that business itself will see opportunities to put the fruits of the policy into visible practice. By making it possible for people to get promotions, something that you always find during an expansion when more people are being hired. If people see this happening, then they will accept the fact that an overall wage increase has been waived."

[Question] Even if the business climate is considerably improved and the companies are again making healthy profits?

[Answer] "Yes. The only problem is this: Such expansion, more people being put to work, cannot be forced by us here in The Hague. It has to happen in actual practice. We therefore make an appeal to the partners in the collective labor agreements. That's where the problem is. After all, it is always a great temptation to say, 'After you! Very nice, a good plan, but if nobody else does anything, why should I?' It's the well-known story of who's going to be left holding the bag."

[Question] Can you put it into practice? Less than 500,000 unemployed following the second Lubbers cabinet? That is something concrete, if it works out.

[Answer] "The FNV [Federation of Netherlands Trade Union Movement] and I are surprisingly close to each other on that point. We are both aiming for that number."

[Question] The FNV with its policy aimed at a 32-hour working week. That's a slight difference.

[Answer] "I'll accept that challenge: 500,000 in 1990. It's difficult, but it can be done. I'll commit myself to it. I don't need a uniform 32-hour working week to do so. More emphatically, it is the wrong road to take. I do not exclude the possibility that on the average the working week will become somewhat shorter, even after making the shift to a 36-hour week, but I am aiming more for that box which I just described in connection with education and training."

[Question] So you're not very enthusiastic about the figures submitted by the gloomy people at the Central Planning Bureau?

[Answer] "That's correct, I'm not all that enthusiastic about them."

Development

[Question] All the same, an increase in labor productivity by 1-1/2 percent per year and an increase in the size of the working population, also by 1-1/2 percent, will require an annual increase in the number of jobs equal to 150,000. And even then nothing is going to change about the unemployment rate, according to these estimates.

[Answer] "I am also assuming a differentiated decrease in working time of between 2 and 2.5 percent annually. That would therefore make a difference of 100,000, but aside from all of the figures, there is also something else going on. That is also quite obvious. What I see happening is that people are not becoming lazier, rather that they are also getting more time for other things because of reduced working time and part-time jobs. Things having to do with social life, organizations, cultural affairs. But included in this is also an element of self-development, participation in classes. All of this also has a multiplier effect. It results in activity. After all, there really must be the possibility for reinforcing the input of human activity! And once they have the feeling that they are participating--and

let that include part-time jobs as a component--then something is going to start moving and thereby I'll come out better than these estimates based on models. These models count something like training as non-employment. That is of course correct in a formal sense, but the persons involved are in fact quite active and that, of course, is an excellent investment! That's why it really will work out. In my view, it's going to work out. Not just by continuing to create days with nothing on the activity list. It has to include an idea about what's going to happen with the time."

We have arrived at Lubbers' concept of society. If he has anything to say about it, such a society will not become the world termed the "no nonsense" society by some people, where the guiding principle will be "Save yourself, brother! Then everything will be all right!" The premier describes the radical changes which are in the offing, such as aging and the new information society where the citizens, in his view, will have to be able to get involved, a process where the government can lend a hand.

According to the CDA frontrunner, the most difficult task during the coming years will be "to combine self-development in a modern way with the social element of 'man has need of his fellows.'" To prevent the formation of a cold society, to bring more warmth into society, is how he described it to his party's newspaper. No sinecures, because The Hauge can't do everything either. He views a kind of central heating for society, with politics in The Hague serving as the furnace, as being unrealistic. Of course, and this is also something for the CDA's fundamental philosophy, extra attention must be devoted to society's social bonds. The family, but also the "school of the elders," the work councils, and private associations. "We have to follow the path back again," he says, referring to social security. Much of the trouble for the unemployed and for those incapable of working was "compensated" during fat times in the form of high benefits. Things don't work that way, is what Lubbers has to say. It's a matter of "investing in the power and the development possibilities of the citizen and of the society's bonds. When in doubt, I would take aim at this more so than at the government."

[Question] Practical politics then give rise to the question of which coalition best conforms to this idea of society. In a social and economic sense, the CDA and the PVDA would appear to be closer together than the CDA and the VVD.

[Answer] "No, in a social and economic sense the distance between the CDA and the VVD is not very great. There are differences of interpretation. I find the VVD to be somewhat optimistic at times. Where additional adjustment possibilities are concerned. Management of buying power for everybody, hints here and there of wanting to put an end to the zero line for the government, then I think, how do you combine that with the enormous adjustments that you also want to make? But that is mere elaboration. No, in terms of numbers the distance among the large parties has diminished. Then there remains a bit of political vision. There is some unease among business about 'what will the Labor Party do if it's part of the government again?' I can understand that very well. This is also an important component. After all, it's not just a matter of what's happening in The Hague, but also a matter of mobilizing forces to do good in the society."

"Well, and what is the heart of the matter then? The heart of it is that the VVD and the CDA together have proven their ability to conduct a policy which at least offers prospects in the area of jobs and economic recovery. Right? That we have been able to find reasonable solutions in the realm of compromise concerning the issue of individualism. The situation is only somewhat worrisome with regard to a number of questions which are more matters of principle, life and death issues. Here things are difficult."

Results

[Question] In other words, the differences are not that great in the social and economic field, but we can reasonably deal with the VVD, and whether or this is also possible with the PVDA, is that still the issue?

[Answer] "Yes. That's it exactly. Given the society that we have now had, it stands to reason that you would first see whether or not a CDA-VVD cabinet could be put together once again. That would appear to be obvious to me. If the election results permit one to do that, of course."

[Question] Thus, talk to Nijpels first if the latest polls become reality?

[Answer] "Yes. Whether or not that will work like this in a technical sense, I don't know. If the Labor Party turns out to be the largest, it will perhaps make inquiries or form a coalition. But if you mean it as a matter of political intent, from the sound of things, then yes."

[Question] On the basis of the PVDA's stand on the cruise missiles and the line which you take on that issue, it would appear senseless to talk to the social democrats.

[Answer] "I understand very well that the cruise missiles are a very important question for the Labor Party. But in the sense of a political controversy it is a thing of the past, even though the agreement must still come before the Chamber. It is not a thing of the past as a political issue. But with respect to a potential cabinet formation, it is solely a problem for the Labor Party."

[Question] But in the case of your getting a favorable election result, and if you are able to go talk to the VVD, the issue will not arise.

[Answer] "It isn't an issue. It was an issue during the past cabinet term and during this one, but it won't be during the following one. We are talking about the past, as I see it. If it is approved in the Chamber, the agreement will no longer come up for discussion after the elections. Then you would still be in a position to talk about questions such as: How will you conduct your security policy in view of this agreement? Or: What should we do about our defense expenditures, or about other branches, what position will you take with respect to Geneva, which is, after all, the place where reductions, a decline in the number stationed, must be reached? All these things. There is still a whole lot that needs to be discussed with one another, but on the basis of a different situation."

[Question] Will you still go to Moscow?

[Answer] "That is under serious consideration."

Inflow

[Question] Finally, would you care to provide an advance hint about a new government platform, in terms of its major points?

[Answer] "The main point is continuation of current social and economic policy with a supplement, elaborated, if possible, within a social platform, dealing with that element of putting more people to work, especially those who have been on the sidelines now for a long time. Education and training, even for people who already have a job. Upgrading so that there can again be an inflow into the companies from the bottom up. Two important addenda: following an initial adjustment to reduced natural gas revenues, a shift in tax cuts from the business side to private citizens, including the recovery of income-dependent subsidies. We have to take a good look at all of this."

"Then you have what we call the institution of society. This includes things which I've already mentioned, but also matters such as safety, order, criminality. This whole package, all of it is inseparably linked together. We will still have much work to do with offshoots to other policy areas. It is more than just separate compartments, I would only say. You could view it as a separate track."

"In addition, there are a number of other more specific points in terms of immaterial things which we will perhaps be able to take up in a satisfactory manner, but which for the same amount of money will require a lot of policy attention in order for a good solution to be reached."

"But we have to stop you."

Thorbecke and Her Majesty listened in silence. None of the four telephones on the premier's desk rang during our conversation of 1-1/2 hours. A new guest is waiting in the anteroom. Soon afterwards you hear "Se habla Espanol?" in the Tower. Governing is a matter of looking ahead, and certainly so for the chairman of the EC Council of Ministers who soon will be allowed to greet there his Spanish colleague who recently became a member. Lubbers is also participating in a study class.

12412/13167
CSO: 3614/58

ENERGY

BELGIUM

FIRMIN AERTS ON MONEY NEEDS OF LIMBURG COAL MINES

Brussels LE SOIR in French 24 Jan 86 p 2

[Interview granted by Firmin Aerts to Guy Duplat: "Firmin Aerts Restarts Community Polemics by Demanding National Funds for the Mines"]

[Text] [Question] The deficit of the Limburg mines (the "K.S.") is assessed at 12.9 billion for 1986 alone. By next June the national funds will have been exhausted. The March 1984 law stipulates that after June, Flanders will take over in accordance with the laws of succession. Would that suffice?

[Answer] This year we shall fall short 6 to 7 billion to finance the K.S. losses. We must find a financial solution, for any plan for restructuring would take years and the problems cannot be resolved in 1986. The solutions we shall have to reach should not precipitate matters in Limburg. I would like to avoid a social upheaval and another Zwardberg.

[Question] But is national financing still possible?

[Answer] One could borrow. This is a possibility but an expensive one. I believe that the law of March 1984 is not a fixed monument. Should that have been the case, if laws could not be amended, ministers would be nothing but performers without possible creativity. We must allow a political margin around this law. I am well aware of the fact that by saying this I will be facing community problems. I regret it, for the future of our coal is not a community but rather a national problem. It is a problem of energy... If we were to consider problems of energy as purely regional, life in Belgium would no longer be possible.

Is the Soup Too Hot?

[Question] Mr Gol, the vice prime minister, nevertheless recently stated that he would refuse the national refinancing of the coal mines for the sake of an energy policy.

[Answer] This is what was written but I did not hear Mr Gol say it personally. I strongly doubt that he said it. In any case, soup is never served as hot as advertised. A discussion should be possible.

However, other possibilities for financing the K.S. exist. Let me remind you that the national appropriation of 31.9 billion for the K.S. was to be initially pegged and the sum total was to be an integral part of a management contract with the leadership of the mines. The government subsequently decided not to peg the funds by combining them with Cockerill-Sambre. Legally, however, this could pose a problem. A contract must be honored. I am certain that if the mine administrators were to go to court to claim the pegging of the national funds, the court should take into consideration this stipulation of the basic contract in accordance with the law of March 1984.

I repeat, the necessary funds for 1986 must be found. On a longer-range basis a great deal will depend on external factors, such as the world energy crisis and the rate of the dollar. I point out that for this year the 4.2 billion loss will be due exclusively to the lower rate of the dollar.

Coal at Any Cost?

[Question] Another way of national financing, paid for by the sum total of power users, would be a return to the "surprice" which electric power producers paid until 1 year ago to the Limburg mines, or 1 billion francs per year.

[Answer] Do not speak of a surprice. To me this was the real price. For that reason we should return to last year's situation and reintroduce this additional payment. I do not have to explain again the relative advantages of Campinois coal. I would like to emphasize, however, that the price of imported coal, which is the base for the sale price of Campinois coal to electric power manufacturers is artificially low. This was a dumping price. This was clearly the case of American coal and was equally clear for the coal coming from South Africa, for in that country black manpower is not paid but brutalized. Polish coal as well has a political price. I have asked the EEC to study the problem and to forbid charging unrealistic prices for imported coal.

[Question] The government has set up five task forces to study the problem of the mines. They should submit their conclusions before July 1986, with the exception of the group which should resolve the problem of merging the Winterslag and Waterschei managements before the end of January. The trade unions refuse such a merger now. What do you think?

[Answer] I believe that a general agreement could be reached on this subject. There will be a meeting of the task force next Saturday. I shall consider the problem after that.

[Question] But if, come 30 January, the government were to make a decision, there may be an explosion in Limburg; should the government fail to reach a decision the administrative council of the K.S. would be furious, for a delay in its plan would lead to yet another 1.5 billion in losses this year.

[Answer] Although this figure is being bandied about, I remain skeptical. This is an Ali Baba type of world with people juggling with billions. So long as I have no written figures I will say nothing.

Another Two-Horse Power Car . . .

[Question] Another case, that of Belgoprocess. The problems seemed to have been dropped and the power manufacturers are unwilling to assume a 30 billion investment alone. The Germans are unwilling to assume the financial risk for this nuclear reprocessing plant in Campine.

[Answer] I am not satisfied with the current features of this project. I would like to know more. I want files and documents. The Synatom administrative counsel, which should make a decision on this project, could meet ten times if it feels like it. No decision will be made as long as the file is not complete.

[Question] But there has been talk about it for the past 10 years. How long will such hesitations go on?

[Answer] Another 2 to 3 months. The time to question the French and the Germans. I want proof that the other partners are unwilling to take over 45 percent of the Belgoprocess plant. I want this project for the sake of the country's independence. Currently, the French reprocessing plants are offering discounts. However, should they acquire the reprocessing monopoly, who can assure us that they will not raise their prices? The French have always been able to sell us two-horse-power cars by making us believe that they are selling us real cars . . .

[Question] Have there been major disagreements with Maystadt concerning this project?

[Answer] Not at all. We are absolutely on the same wavelength.

[Question] Final question: the equipment plan. When will a decision be made concerning the new nuclear power plant and when will the decision about coal be made?

[Answer] The moment we have received the opinion of the committee for gas and electric power control we will decide both the question of the new nuclear power plant, the combined production of heat and electricity and the power plants using slurry coal. This will enable us to make use of coal containing a high percentage of dust mined at K.S. This type of power plant has not been entirely developed yet. However, we would be able to make a decision as of now to build one after the technique has become functional. This would take place in Limburg but also in Wallonia, using the Bressoux prototype.

5157

CSO: 3619/22

ENERGY

DENMARK

MINISTER: COUNTRY TO BENEFIT FROM OIL PRICE DECLINE

Vows Maintaining Energy Policy

Copenhagen BERLINGSKE TIDENDE in Danish 6 Feb 86 p 1

[Article by Jesper Elle]

[Text] Minister of Energy Knud Enggaard finds that it will be dangerous to forget the good intentions of the Danish energy policy even if the oil price should become stabilized at a low level. The development of Danish technology and research in the development of other energy forms will have to be continuously stimulated.

The sharply declining oil price in the international market which some people fear may reduce the incitement to develop alternative forms of energy, will not have any influence on the Danish energy policy. Knowledge and research within the area of energy will be continuously stimulated, says Minister of Energy Knud Enggaard. "It will be dangerous to forget the good intentions, and it has been agreed that the objectives will not be changed. The same agreement exists in the cooperation within the International Energy Agency, IEA," says Knud Enggaard. "First of all, we shall see at which level the oil price become stabilized, but also in the case of other and lower price relations, it will be important to maintain the technical knowledge within Danish energy research. We have to be ready for the day when the situation will change anew.

The government wants to stimulate the development, and, in this respect, we have benefitted and may continue to benefit, in particular, by the EC energy demonstration program," Knud Enggaard says.

The economic situation within the Danish natural gas project, which is dependent upon the international oil price, is examined annually, and such an examination will be undertaken prior to the general meeting of DONG [Danish Oil and Natural Gas] to be held next May, says the Minister of Energy.

Knud Enggaard participates today in the Norwegian oil seminar, which yesterday gave rise to rumors of a meeting between Norwegian Minister of Energy Kåre

Kristiansen and one of the OPEC oil ministers immediately after the oil seminar.

The Norwegian Minister of Energy will most probably meet with one of the OPEC ministers in the near future. Nobody within the Norwegian Ministry of Oil and Energy, however, wants to reveal when and where.

"The meeting will not take place over the weekend, and the Norwegian energy policy has not been changed," says Undersecretary Arild Rødland of the Norwegian Ministry of Oil and Energy.

Could Help Trade Balance

Copenhagen BERLINGSKE TIDENDE in Danish 6 Feb 85 p 12

[Editorial: "The Government and Oil"]

[Text] There are things which are certain in the midst of the uncertainty about oil price developments. The OPEC countries have got the weapon that they may more or less double their present production. The rich ones among the oil-producing countries will avail themselves of this power to regain their market shares and force countries such as Norway, Great Britain and the Soviet Union to limit their production. So far, oil prices have declined by nearly 50 percent compared to last fall, but the poor oil-producing countries wince at the idea of continuing along that road. And prices have not yet reached the level where production in the North Sea would become unprofitable. Some of the experts predict that once the enormous nervousness has abated, the oil price will stabilize at a level that will be upwards of 20 percent lower than last year. It is true that predictions are of dubious value at present, but it is probably true that oil prices will not, in the near future, revert to the high levels we have previously experienced.

While the present developments present both drawbacks and advantages to Great Britain, they are bound to be a blow to Norway, which has got used to fetching one fifth of its national product from the North Sea. Within the Danish territory, DUC [Danish Underground Consortium of Oil and Gas Firms], in which A.P. Møller is part owner, will be the hardest hit, since, without becoming a losing concern, it will be losing billions of kroner in profits. However, also the state-owned DONG will be affected by it. The 4.6 billion kroner which in order to make ends meet DONG will have to get from the Treasury over the next 20 years, may become doubled or tripled if both oil prices and the dollar rate of exchange stabilize at a 20 percent lower level.

As far as the Danish economy is concerned, the situation is different. A decline in oil prices of 20 percent will result in immediate import savings of nearly 4 billion kroner and thus a corresponding improvement in the balance of payments. However, and this should be noted, the lower prices will, at the same time, increase real incomes and thus create the basis for increased consumption, which will, immediately, absorb up to half of this foreign exchange improvement. It is possible that the pressure on imports will become even greater because part of the Danish production is already fighting with

bottleneck problems. This even in a situation where Denmark has got a chance of increasing its export to the countries which--like Sweden and Germany--will also benefit by the declining oil prices. An opportunity which ought not to be thrown away.

It is, therefore, a question whether Denmark, which has set for itself the goal of reaching a balance of payments equilibrium by 1988, can afford to allow the drop in oil prices to be reflected in a higher rate of consumption. The argument which last December led to increased energy taxes carries as much weight now that the decline in oil prices proves to be considerably larger than expected.

The government wants to wait and see at which level the oil price will become stabilized, and the Folketing, moreover, has got enough on its mind in view of the upcoming referendum. But once that important referendum is over, the government will have every reason to bear in mind that the oil price trend opens up a realistic possibility of bringing about a much needed balance of payments improvement. The government will have reason to blame itself if it does not seize this sensible possibility. There is no doubt about that.

7262

CSO: 3613/66

ENERGY

FEDERAL REPUBLIC OF GERMANY

NUCLEAR POWER PLANTS HELP STABILIZE ELECTRICITY COSTS

Duesseldorf HANDELSBLATT in German 22 Oct 85 p 18

[Article by gw: "Expensive Coal Can Be Afforded Only by Using Inexpensive Nuclear Energy"; first paragraph in bold print]

[Text] Munich--For the 1984/85 fiscal year (30 September) Bayernwerk, Inc., Bavarian Land Electric Supply, Munich, is again able to present a very good balance sheet. The growth in consumption of public current supply in Bavaria was a good 4 percent in the first 9 months of calendar year 1985, and was thus again higher than the federal average of 3.5 percent. The profit situation improved as well; according to Dr Hans Heitzer, chairman of the management board, not the last factor in this improvement is the "excellent operating results" of the white and blue nuclear power stations.

Due to the big increase--a good 12 percent--in usable current delivery, the turnover proceeds of Bayernwerk, Inc., rose to DM 3.85 billion (3.25 billion in the previous year). The Bayernwerk group notes an increase of 5.5 percent in usable current delivery, so that the turnover reached about DM 5.5 billion (5.2 billion). Due to the large share of low-cost nuclear energy--51 percent in the corporation and 45 percent in the group--and in connection with cost optimization within the group, the annual surplus of the mother firm Bayernwerk, Inc., increased by approximately 15 percent to a good DM 120 million ('95 million). Dr Jochen Holzer, chief of finance and deputy chairman of the management board, hinted cautiously at a dividend hike of from 9 to 10 percent.

Although in the current year 1985/86, as well, current prices in the Bayernwerk area will remain stable. Holzer again expects a satisfactory result. Current prices in Bavaria in the Eighties are in a particularly stable phase. The excellent operation of the nuclear power plants permits absorption of a major part of the high environmental protection costs for the coal-fired power plants: Heitzer indicated that the entire environmental protection costs of Bayernwerk for the Eighties will be about DM 1 billion, of which DM 600 million are allotted to desulfurization and DM 400 million to reduction of nitrogen oxides.

The Bayernwerk management board has already announced that necessary current price corrections will run within very narrow bounds for the remainder of this decade in Bavaria if the situation on the energy market remains fairly normal. In any case, current price increases should clearly fall short of the annual

inflation rate of 2 to 2.5 percent, so that in Bavaria electrical energy is becoming less expensive all the time in real terms. Finance Chief Holzer stressed that, because of this, the white and blue Free State will become an ever-more attractive location, especially for current-intensive branches of industry.

Holzer welcomed particularly the first partial erection permit for the Wackersdorf Reprocessing Plant, which is yet to receive its building permit. Of the 12 energy supply enterprises (EVU) which are partners in the German Company for Reprocessing of Nuclear Fuels (DWK), Bayernwerk has a share of 14.6 percent, so that about DM 1 billion of the total DM 6 billion erected cost of the Wackersdorf Reprocessing Plant must be borne by the Bavarian Land electricity supplier.

In the past financial year the cost of desulfurization and nitrogen oxide removal measures was about DM 100 million. Reserves for this purpose were increased by a similar amount before reporting of the annual surplus.

Last but not least, Holzer appealed to the SPD-controlled Laender of North Rhine-Westphalia, Hesse, and Saarland: "Anyone who stands in the way of the reasonable use of nuclear energy should know that he is thereby pulling the rug from under any consensus coal policy in the Federal Republic, both economically and politically. Expensive German coal, which costs about DM 100 more per metric ton than coal available from other countries all over the world, can only be afforded within the framework of the Century Contract by means of low-cost nuclear energy."

Bayernwerk Chief Heitzer expects to see the Isar 2 (KKI 2) nuclear power plant put into operation in the first half of 1988; the builders' treat ceremony took place there early in October. Time- and cost-wise, proceedings are within the planned framework. No longer is any Bayernwerk installation "deplored." Heitzer counts on a further improvement in atmospheric pollution levels: whereas in 1984 approximately 75,000 metric tons of SO₂ were still emitted from the power plant chimneys--down from some 400,000 metric tons in 1976--for 1985 he expects a further reduction to about 60,000 metric tons. After putting into operation all flue gas pollution abatement facilities, some of which are almost 2 years ahead of the legal retrofit schedule, the power plants will emit less than 20,000 metric tons of SO₂ per year, which is only 5 percent of the 1976 maximum. In the reduction of nitrogen oxides by the group's power stations, values by the end of the Eighties are expected to be about two-thirds below the former maximum values.

5586/12859

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ENERGY

FINLAND

SOVIETS IRRITATED AT DISCLOSURE OF NATURAL GAS DATA

Helsinki HELSINGIN SANOMAT in Finnish 4 Feb 86 p 25

[Article: "Amount of Gas Imported to Be Made Secret; Soviet Union Annoyed by Dissemination of Price Data in Customs Statistics"; first two paragraphs printed in boldface]

[Text] In the near future, the Customs Administration Bureau intends to declare secret the amount of imported natural gas. The current practice will be changed so that the bureau reports only the total value of the natural gas imported but does not reveal the number of cubic meters imported.

The idea to initiate secrecy stems from the Soviet union. Ulf Schmidt, the director responsible for Neste's gas transactions, reports the Soviet Union is displeased that "the entire world can find out the unit price of Soviet gas from Finnish statistics."

Eero Kuisma, assistant department chief of the foreign trade division of the Customs Administration Bureau, confirms that a plan to initiate secrecy is under consideration. "At this stage, no decision has been made on the partial nondisclosure of information, but it appears it will come up for discussion very soon," he reports.

The bureau may make the decision in February. The goal is to have concealment of gas amounts go into effect from the start of the current year.

The new procedure of the Customs Administration Bureau applies to gas data for this year. The bureau will disclose last year's figures in keeping with its former practice.

"We have dozens of commodities about which we do not disclose all data. This is based on the fact that in a small country one firm is active in an area and so foreign trade statistics would then contain information about just one company," explains Kuisma.

"The secrecy usually applies to exports, when sensitive price data cannot be determined from statistics. To some degree, the procedure is adapted to imports if the situations are analogous. In the Federal Republic of Germany, for example, a portion of the natural gas data is left undisclosed."

The decision to keep something secret is made by the Customs Administration Bureau upon application. The bureau does not want to reveal who might be in the petition's background.

"I cannot mention who is pushing it, but secrets generally go hand in hand with interests," continues Kuisma.

The statistics office of the Customs Administration Bureau makes the decision in routine matters. If the case is important, it is transferred to the chief director or the bureau council.

Soviet Union Irritated

Schmidt, the director responsible for Neste's gas transactions, admits that keeping [the amounts imported] secret has been discussed with customs. "We are contemplating in what form we will submit the petition. The situation is now bad because the entire world knows our purchase price, and that has raised difficulties in the natural gas negotiations," complains Schmidt.

The Soviet Union's irritation results from the fact that it supplies gas to its European customers at different prices. The Soviet Union receives a higher price from Central Europe, because there the gas substitutes for light fuel oil. In Finland, the gas competes with heavy fuel oil, coal, and peat.

"We have succeeded in obtaining cheap gas, and the other Western buyers of gas are very surprised at the Soviet Union's methods of doing business. In my opinion, it is not in our interest for everyone to know at what price Finland purchases natural gas," argues Schmidt.

"The issue was brought up by the Soviets when prices were being discussed. They are annoyed by the fact that matters we agree upon confidentially are made public," reports Schmidt.

"We have noticed that the trend is similar in other countries. Disclosure is easy in the Federal Republic of Germany because the country buys gas from four or five sources. This is also true of France. But when the gas comes from one direction, we could just as well announce the monthly price quotations in the newspaper."

Forest Industry Wants to Keep Tabs

The most displeased with the customs' intended procedure is the forest industry, far and away the largest consumer of gas. In 1984, for example, the manufacturers of wood products used nearly 80 percent of the gas.

By dividing the value by the amount, the forest companies have been able to keep tabs on the sensibleness of Neste's pricing. This possibility will vanish in the future.

Schmidt vehemently repudiates suspicions that the company seeks to defraud customers. "The major customer buys gas the same way we do from the Soviet Union."

Maintaining Secrecy Is Country's Practice

It is the country's practice to maintain an aura of secrecy around imported natural gas. When Neste offered the gas to the cities, the municipal politicians were told the price--a big secret.

Gas costs 800 marks per thousand cubic meters. The amount corresponds in its energy content to nearly a ton of oil.

According to agreements between Finland and the Soviet Union, a billion cubic meters of gas should be pumped annually into Finland, but that amount has been reached only once.

In energy transactions, the Soviets are sensitive about price matters. At the seller's request, for example, Neste has not disclosed the value of a barrel (159 liters) of imported oil. The company for its part has no need to make this information public.

12327

CSO: 3617/66

ENERGY

PORTUGAL

1985 ELECTRICITY CONSUMPTION SHOWS INCREASE

Lisbon EXPRESSO in Portuguese 18 Jan 86 p 16

[Text] Total electrical energy consumption came to 19,689 gigawatt hours in 1985, up 5% over 1984. Although there was an increase of 10% in the production of electrical energy using water resources over the preceding year, total electrical energy production declined about 3% during the same period.

The EDP officials decided that the import of electrical energy was a more profitable option than exploiting the existing production capacity of the thermic powerplants, such that thermic electrical energy production showed a sharp decline of about 185 below the level in 1984. This option, pursued throughout the greater part of the year, only saw a significant change in the last 4 months of 1985. As a result of the choices made, the import balance deteriorated substantially in comparison to 1984, reaching a level at the end of last December of 2,245 GWH, while the figure for the preceding year was only 711 GWH.

During the last 4 months of the year just ended, a substantial rise in thermal production of electricity was seen, because of the limited rainfall and the low dam reservoir levels. This production served to satisfy the bulk of the existing requirements. The need to manage the reserves found in the reservoirs, which were at the level of only 39% of their total storage capacity at the end of last November (after having reached the 94% level in April) is said to have been the main factor responsible for the change.

The choices made throughout last year are believed to have produced rather positive results in the trade balance. The volume of oil imports saw a drop of 13% between January and October 1985 as compared to the same period of the preceding year, a situation doubtless related to the excellent production of electrical energy using water resources, and the policy pursued throughout the year in the energy sector.

The development of electrical energy consumption during 1985 may mean that in the second half of the year just past, the production of the Portuguese economy as a whole developed more positively than previously predicted.

In fact, it was in the last part of the year that electrical energy consumption developed the highest rates of growth, and this can only be explained by good progress in overall productive activity.

5157

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ENERGY

SWEDEN

GOVERNMENT CONCERNED WITH UNANTICIPATED ENERGY CONSUMPTION

Stockholm DAGENS NYHETER in Swedish 15 Feb 86 p 8

[Article by Kaa Eneberg: "Electricity Consumption Will Immediately Be Investigated"; first paragraph is DAGENS NYHETER introduction]

[Text] The government is prepared to take prompt measures to reduce the increased consumption of electricity. The reports about the large increase in consumption will therefore immediately be investigated.

That information was given by Minister of Energy Birgitta Dahl in a debate in the Riksdag on Friday. She totally dismissed Conservative Per-Richard Molen's demand for increased nuclear power construction as the only way to get Sweden out of the approaching energy crisis.

"It is a disservice to terminate nuclear power. It is an unforgivable squandering of tens of billions of kronor to stop nuclear power. Terminate instead the anti-nuclear power movement," said Molen, who initiated the debate.

Molen said that nuclear power is "the key to the industrial growth" that Sweden needs. Today business does not dare invest in energy-intensive processes while confronted with the threat of higher electric rates.

A Challenge

Birgitta Dahl quoted some opinion in the business world as proof of her view that more effective utilization of electricity is needed in industry, rather than expansion of electric power. She cited a letter from "an influential industrialist" who saw the development of energy-saving production processes as a great challenge.

Molen pointed to Sweden's competitor countries in Europe which invest heavily in nuclear power in order to get cheap energy, while Ivar Franzen (Center Party) cited developments in the United States, with long experience in nuclear power, as a better guide.

"In the near future investments in wind power will dominate, while nuclear power is regarded as neither clean nor safe," said Franzen.

Franzen also demanded that the government not permit the replacement of the steam generators at Ringhals 2. Dahl gave assurances that the government would not allow that as long as there is the least doubt about safety questions.

Lectured

Dahl was lectured by Hadar Cars (Liberal Party) for her statement that she and the Social Democratic government were not planning further river expansion. Instead the Social Democrats in the Riksdag are the only party that is considering further river expansion.

Dahl said that it is obvious that they want to protect the rivers, but she pointed out that last year the Riksdag determined that "there should be further consideration of the role that water power can play in connection with the development of nuclear power." The four main protected rivers are however still exempted from such consideration.

9287

CSO:3650/138

OCEAN/POLAR ISSUES

NORWAY

JOINT ARCTIC RESEARCH PROJECTS PLANNED WITH SOVIETS

Oslo AFTENPOSTEN in Norwegian 6 Feb 86 p 11

[Article by Torill Nordeng: "Norwegian-Soviet Joint Research Work in Arctic: Polar Bear Data to Be Exchanged"]

[Text] Norwegian and Soviet researchers met in Oslo last week to discuss bilateral joint research work in the Arctic. It is expected that at the end of the year the two sides can sign an agreement which, among other things, will contain projects concerning aurora borealis observations, oceanographic studies in the Barents Sea, studies of each other's paleontological museum collections, and studies of polar bears and seabirds in the Arctic.

Norwegian Polar Institute Director Odd Rogne met the Soviet delegation of scientists which comes from the State Committee for Science and Research in Moscow. Rogne, on his part, is the chairman of the National Committee for Polar Research in Norway.

"On the part of the Norwegian Polar Institute great emphasis is being placed on the fact that Norwegian-Soviet bilateral joint research work in the Arctic can produce good technical results. We are neighbors in the north and, not least, it is important that polar researchers can meet and become familiar with each other's ways of working and results. There are many major research problems in the north which there can be joint work on," Rogne says.

Aurora Borealis

One of four items of a discussion plan between Norwegians and Russians is observations of the aurora borealis. Here it can become a question of Soviet researchers' getting an opportunity to study data from observations which are made in Ny-Ålesund and on Bjørnøya. Comparable Soviet observations are being made in the vicinity of Novaya Zemlya and Franz Josef Land [Zemlya Frantsa Iosifa]. Data from there can be relayed to Norwegian researchers.

Oceanography

As far as oceanographic studies in the Barents Sea are concerned (studies of ocean water currents, salinity and temperatures), there is agreement regarding joint work in the straits between Franz Josef Land and Greenland. To what

extent just data will be exchanged, or whether Norwegian researchers will be able to take part in Soviet expeditions, and Soviet researchers on Norwegian vessels, have not been clarified, Rogne reports.

Researchers also desire cooperation in studies of paleontological data which have been collected at museums in Norway and the Soviet Union. Rogne figures that a practical solution here will be to open mutual museums for foreign researchers in accordance with a more detailed agreement.

Biology

Joint work in biological research will be limited to polar bear and seabird studies. It will be very interesting to Norwegian researchers to gain better knowledge of the movements of polar bears in the Soviet Arctic. Also, to be able to estimate how large this population is.

To what extent there will be joint field studies of seabirds it is too early to say, according to Rogne. To begin with, there is talk of exchanging research data and information regarding each other's projects.

8831

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ENVIRONMENTAL QUALITY

FEDERAL REPUBLIC OF GERMANY

NUCLEAR RESEARCH CENTER FOCUSES ON ENVIRONMENTAL ISSUES

Duesseldorf HANDELSBLATT in German 13-14 Dec 85 p 25

[Article by Werner A. Kral: "Solution of Environmental Problems Is a New Focus of Research Work"; first paragraph in bold print]

[Text] Prof Dr Horst Boehm, chairman of the management board of the Karlsruhe Nuclear Research Center (KfK), stated at the annual press conference that program changes which have already been conceived at the KfK will be carried out more rapidly in the future, and additional new tasks will be taken up more readily.

Present program planning makes increasing use of the fact that nuclear technology research at the KfK has also led to the acquiring of extensive know-how in areas outside the nuclear field and has promoted the building up of interdisciplinary teams of scientists, engineers and technicians. Environmental technology is a particularly relevant beneficiary of this potential. Two major nuclear technology activities will shortly be brought to a close. One is the "nuclear safety" project which the KfK will complete in 1986, and the other is the "nozzle process," an independent KfK development for enriching uranium 235 which can be completed by about 1988. Remaining activities in the area of nuclear safety will be continued as a part of work with other emphasis. For example, safety tasks particularly relevant to the environment will be integrated into the "Technology-Man-Environment" (TMU) area of emphasis.

After the aforementioned projects run out, the "classical" area of responsibility in nuclear technology at the KfK will give priority to inclusion of research work on nuclear waste disposal and the fast breeder and will make up "just" about 30 percent of the entire R&D program. Instead, the "nuclear fusion" field of work will rise from a present share of approximately 8 percent to about 20 percent. Even so, roughly half of the research and development program of the Nuclear Research Center will then no longer be in the field of nuclear technology, where those responsible consider it necessary for various reasons to definitely maintain the nuclear technology part of the work remaining after 1988 at about the existing order of magnitude for the medium term. The KfK in particular has the required technical and scientific infrastructure to carry out the most varied nuclear technology R&D tasks and to act as the German partner in international cooperative activities specified by governmental agreements. In addition, in many cases where support is needed, the KfK

takes on the role of a partner in research and development with the aim of training and technology transfer. And, last but not least, the KfK's activity as an expert witness--because it has the expertise--will also be of importance in the licensing process of future nuclear plants.

200 Employees Are Working in Nuclear Fusion

With regard to nuclear fusion, the project being carried out in close collaboration with the Max Planck Institute for Plasma Physics at Garching will soon reach its planned final size. At present about 200 employees are working on this project. However, the next decision deadline on the extent and aim of this program will be possible only in the middle or toward the end of the Nineties, when a European decision will be made on the NET (Next European Torus) Plant, in whose early planning the KfK is decisively involved.

For the nuclear fusion project, which is divided into five focal areas--design studies for fusion reactors, materials development, superconductive magnet, heating systems and nuclear technologies--an investment figure of DM 49.6 million is planned for 1986-1989, and a figure of DM 250.9 million for operating expenses (including depreciation).

The Second-Largest Breeder in the Western World

In connection with the "fast breeder" project, reference was made to the completion of the SNR 300 prototype power station in Kalkar, with initial operation expected (hoped for) in 1986. If everything goes as desired, the Federal Republic will have in the SNR 300 the second-largest fast breeder in the western world (the BN 350 and BN 600 prototypes are operating in the USSR). At present at the KfK, the initial operation licensing process for the SNR 300 is still taking its course.

An additional peak in activity is the grant of the partial erection permit for the Wackersdorf Reprocessing Plant, a part of the KfK's reprocessing and waste disposal project. Although the KfK will devote itself increasingly to reprocessing of fast breeder elements, important further contributions are to be expected in the construction of the Wackersdorf plant as well.

A successful industrial realization of many years of development work is the initial operation of the Pamela Vitrification Plant at Eurochemie's shut-down reprocessing plant in Mol, Belgium, where the vitrification of highly active waste is now carried out on an industrial scale. This plant is the second-largest vitrification plant in the world, and from its initial operation in August 1985 to the end of November 1985 it had already vitrified 20 cubic meters of the entire 60 cubic meters of Eurochemie's highly active waste.

And, finally, an important step was taken in the nozzle process in the direction of commercial uranium enrichment with the completion of the first part of an enrichment plant in Brazil.

As set forth by Professor Boehm in his review and outlook, in the next few years materials and solid state research will at any rate increase where it is

not tied in with large projects, whereas in these as well they will strive for emphasis on specific topics. Research in this field tied to non-nuclear projects will increase to 10 percent of the 1989 R&D volume.

Particularly great emphasis is devoted to the "Technology-Man-Environment" topic, where work is concentrated in selected fields on research in the effects of the use of technology on man and his natural environment. Methods and technologies are being developed and tested to cope with environmental problems. At present there are five work topics in the program: biology, municipal waste disposal, water technology, air conditioning research and air purification, as well as systems analysis.

An amount of DM 17 million is estimated for investment in this field for the period 1986-1989, with an amount of DM 147.6 million (again including depreciation) for operating expenses.

Not last, a high status is occupied by work topics in physics, such as neutron and particle physics and the physics of highly compressed matter. In the work topic of highly compressed matter, processes are being developed for reaching extreme densities and temperatures in substances to be used for engineering and physical investigations. Microtechnology, microfabrication and manipulation technology will increasingly move to the fore. Competition with microelectronics is in no way intended, but instead we are dealing with the investigation of microfabrication methods as well as fields of use outside microelectronics, for example, micromechanics, optics, process engineering, etc.

Solution of Environmental Problems through Technology

In microfabrication the Liga process is to be further developed. This is based on a combination of x-ray depth lithography with synchrotron radiation, microelectroforming, and plastic deformation casting. It was developed among others for the production of microstructures of high aspect ratio and structure height for the mass production of nozzle diffusion systems with particularly small characteristic dimensions.

All in all, the KfK is facing a busy future, and all of those employed there--at present the KfK has almost 3,200 employees and, including its own expenses, a total budget of DM 708 million--are of the view that it will be modern technology first of all which will build for man an environment worth living in. Enmity toward technology and technical science would lead in just the opposite direction. The technical potential of large Federal German research installations, which include the KfK, is suited by means of appropriate basic research to steer technical science into a future friendly to man.

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